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NEWS SUMMARY

GENERAL

Army call for Ulster supremo

Senior British Army officers, worried by a deterioration of security in Ulster and the increasing number of soldiers killed there, are pressing for the appointment of a supremo in the Province with overall responsibility for security.

The officers would also like the Army to carry out some of the functions now undertaken by the police. They believe that if security is not improved soon there is a danger of militant Protestants taking matters into their own hands and attacking Catholics.

But Ulster Secretary of State Humphrey Atkins appears cool to the idea of a supremo, although the officers believe they have the ear of the Prime Minister. Back Page.

Russia-Egypt deal

Russia has resumed supplying military equipment to Egypt in an apparent shift in its Middle East policy. Replacement engines have been provided for Egypt's ageing fleet of MiG-21 fighters and for Soviet-built M18 helicopters and a number of army lorries have been supplied. Back Page

'No cash' warning

Environment Secretary Michael Heseltine warned local authority leaders that there would be "no more cash" to finance continuing increases in council spending. Because of increases in staffing levels, he would be asking local authorities to publish quarterly manpower figures. Page 6

Benefits rise

The Government announced increases from November in rent and rate rebates and rent allowances, with extra benefits for people in jobs. The measures are intended to correct the situation in which some people, because of social security and other benefits, are better off when unemployed. Page 6

QE-2 alert

Detectives sailed with the liner QE-2 from Southampton after two revolvers and about 100 rounds of ammunition were reported missing from a security locker. They boarded just before the ship left for New York via Cherbourg

Report for DPP

Old Bailey Judge Alan King-Hamilton is to refer to the Director of Public Prosecutions a report in The Guardian newspaper about the vetting potential urors at the trial of six alleged anarchists. He described the report as "an outrageous intrusion into the case."

Dino escapes

Orestes Babouris, 17, the youth known as Dino who evaded a police hunt for six days last month, escaped from a cell at a Lowestoft court where he was appearing on two charges. His freedom was brief. He gave himself up peacefully to two policemen a few hours later.

Few Euro-voters

Fewer than one in four voters were estimated to have turned out in South-West London for Britain's first European Parliament by-election. Results of the poll—caused by the disqualification of the Conservative victor for a technical infringement—will be declared today.

Briefly . . .

The Pope ordered an inquiry into complaints by Vatican employees about low wages.

Turkish Deputy Premier Farak Sukan resigned from th eCabinet, saying that the Ecevit Government could not lead the country out of its crisis.

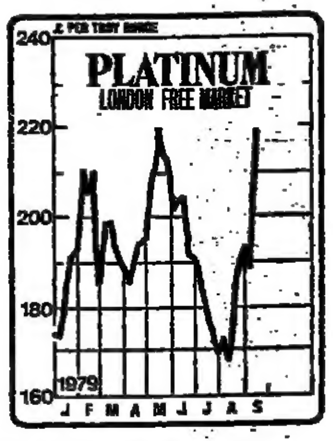
BUSINESS

Precious metals touch records

● **PRECIOUS METALS** touched record levels yesterday. **GOLD** surged ahead in active afternoon trading to close $13.50 up in London at $385.50.

SILVER rose early by over 100p to a new peak of 860p on the London Metal Exchange. Prices then eased in nervous trading before rallying to close nearly 80p higher at 775p.

● Free market **PLATINUM**, which has been lagging behind gold and silver, rose sharply by $30 to a record $472.50 an



ounce. The sterling price gained £12.05 to £218.50 — just below May's record level. Commodities Page 31

● **DOLLAR** fell sharply, and its trade-weighted index dropped to 84.0 from 85.0. **STERLING** closed 1¼ cents up at $2.1610. Its index eased to 68.1 (68.2).

● **EQUITIES** were unsettled on fears of a [illegible] and the FT 30-share index [illegible] to close at 458.1.

● **GILTS** were nervous and the Government Securities index closed 0.23 down at 72.01.

● **WALL STREET** was 46.1 up at 881.06 near the close.

● **DEUTSCHE MARK** bonds worth DM 1.32m have been floated in the eurobond market during the past four weeks—the highest figure since last autumn. Eurobonds, Page 26

● **BANK OF ITALY** has appointed Dr. Carlo Ciampi to succeed Dr. Uaolo Baffi as governor. He will take over on October 8 after the IMF annual meeting in Belgrade. Page 2

● **LLOYD'S** of London has formed a special company to provide emergency management services for underwriting agencies whose syndicates run into trouble. Back Page

● **BRITAIN** came under strong pressure from EEC Energy Ministers to increase its proposed North Sea oil production levels between now and 1985 to enable other EEC Governments to restrain their imports. Back Page

● **CAPITAL** spending by manufacturing industry fell to £930m between April and June—2 per cent less than the previous quarter. Page 6

● **WILKINSON MATCH** directors have voted Mr. Denys Randolph out of his position as chairman after he refused a £210,000 offer to leave the board. Mr. Randolph remains a director. Back Page

COMPANIES

● **GKN**, the motor component, distribution and engineering group, reports a rise in first-half 1979 profits from £42m to £53.5m, but warns that third-quarter profits will be hit by the engineers' dispute. Page 20 and Lex

● **DELTA METAL** lifted pre-tax profits to £14m in the first six months to June 30, 1979, against £12.9m in the same period last year. Page 21 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Fisher (J.)	230	+	13
GKN	262	+	5
Guinness Peat	103	+	6
Hambro Life	135	+	4
Irish Distillers	90	+	3
Gulf Stm. Resources	230	+	30
Free State Geduld..	£17½	+	¼
Geevor Tin	145	+	5
Globe and Phoenix	76	+	6
Impala Plat.	199	+	9
Mangula	108	+	8
Rhodesian Crpn.	31	+	4
Roan Consd.	125	+	20
Wankie Colliery	62	+	5
FALLS			
Treas. 5pc '86-89	£68½	−	¼
Airfix Inds.	37	−	3
Amalgamated Metal	270	−	25
Boots	182	−	5
Carpets Intnl.	49	−	2
Copydex	60	−	4
Dowty	305	−	5
GUS A	360	−	8
Hall Engineering	138	−	8
Hill Samuel Wts.	60	−	8
House of Fraser	140	−	7
Ladbroke	178	−	4
Lex Service	97½	−	2½
Marshall (T.) (Lox.)	29	−	3
News Intnl.	158	−	5
Rothmans Intnl.	56	−	2
Sandeman (G.)	76	−	4
Stone-Platt	54	−	14
Telefusion	38	−	6
Tilbury Contracting	265	−	27
Unitech	208	−	9
Utd. Scientific	326	−	14
Wadkin	110	−	12
Walker (J.)	113	−	7
Zetters	75	−	3
BP	1155	−	20

Dollar falls sharply to below DM 1.80

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

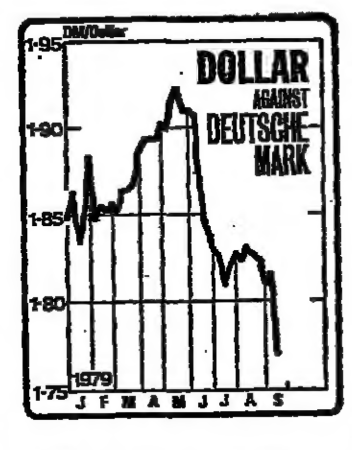
THE DOLLAR yesterday had its worst day on the foreign exchange markets since last autumn. The rate fell sharply against all major currencies following the temporary withdrawal of central bank support.

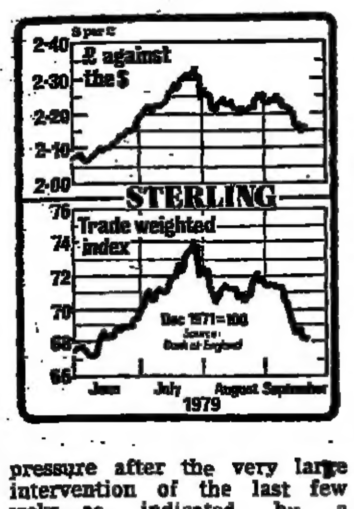
The banks re-appeared in the markets within a few hours, but later intervention only succeeded in slowing the decline, rather than producing a rally, in the face of heavy selling pressure.

The result was that the dollar fell well below DM 1.80 and SwFr 1.60 for the first time since the big support package last November. Until yesterday foreign exchange dealers had believed central bank action was unofficially aimed at keeping the rate at above these levels, as shown, for example, by the narrow trading range of DM 1.81 to DM 1.84 for the past three months.

The U.S. currency closed in Europe at DM 1.7690, only slightly above its low and compared with DM 1.8055 on the previous day. Against the Swiss franc the rate fell from SwFr 1,6220 to SwFr 1.5812½.

Consequently the trade-weighted index, measuring the value of the dollar against a basket of other currencies as calculated by the Bank of England, dropped a point to 84.0.





The official view last night in both Bonn and Washington was that there had been no change in the policy of only ironing out fluctuations.

This does not, however, explain yesterday's sharp movements. It is possible that the central banks were caught by surprise by the intensity of selling. There may have been an initial reluctance to resist the pressure after the very large intervention of the last few weks—as indicated by a DM 3.9bn increase in West Germany's reserves last week. There may also have been a desire to test the temperature of the markets.

A heavy seller seems to have appeared in the U.S. markets late on Wednesday, rumoured to be seeking to dispose of $500m. The Federal Reserve did not want to absorb this amount and the rate began to fall.

The large order was passed on to the Far Eastern markets. Selling intensified and the rate fell when dealers failed to see any evidence of the centrale bank support to which they have become accustomed.

These pressures continued in the first two or three hours of European trading and the Bundesbank bought only a small amount at the morning fixing. After the sharp fall in the rate, the central banks re-appeared, though there were varying reports about the scale of intervention. Some dealers said there had been a lot of support after the late morning in order to absorb *further* big sales.

The markets have been left in a thoroughly cofused state. While there are no new influences to depress the dollar there is continuing concern about U.S. inflation as well as speculation ahead of the International Monetary Fund annual meeting in 10 days' time.

The rise in the D-mark against the dollar resulted in considerable strains within the European Monetary System as most other EEC central banks

Continued on Back Page
Lex, Back Page

Smith backs down on white veto

BY BRIDGET BLOOM AND MICHAEL HOLMAN

MR. IAN SMITH, the former Rhodesian Prime Minister appears to have agreed to negotiate the surrender of the parliamentary and political vetoes held by the white minority under Rhodesia's present internal settlement constitution.

Mr. Smith's apparent tactical retreat on this key issue was disclosed after yesterday morning's session of the Rhodesia conference at Lancaster House in London, held between two of the three parties to it—the Salisbury delegation led by Bishop Abel Muzorewa and the British team headed by Lord Carrington, the Foreign Secretary.

At a press conference immediately after the session, Mr. David Kukome, the Rhodesian Foreign Minister, denied that the Bishop's delegation had ever been divided on the veto issue, and declared that Rhodesia and Britain were now "close to total agreement" on proposals for a new constitution.

It now seems unlikely that Bishop Muzorewa will keep to his plan to return to Salisbury this weekend.

Only "lingering problems here and there" remained to be ironed out, Mr. Mukome said. The delegation, he continued, had agreed on the question of the whites' powers of veto and suggested that full agreement with Britain might be reached in a further bilateral meeting this morning.

But suggestions that Mr. Smith's retreat constitutes a major breakthrough at the conference seem premature. A British official was much more cautious in his comments on the morning meeting, confining himself to the comment that there had been a "useful exchange of views."

The British view is that on the evidence of the proceedings of the bilateral session, Mr. Smith still had many reservations on the veto issue, and Mr. Smith's concession—apparently agreed at a private delegation meeting yesterday—could have been made primarily for tactical reasons.

Mr. Smith's continued insistance on maintaining special blocking powers for the white minority had left his isolated within his own delegation. More important, it had hampered negotiations with Britain.

Second, the delegation is repeating its contention that it has come to London simply to negotiate a constitution which would be acceptable to Britain and so gain the present regime international recognition and the lifting of sanctions.

The Salisbury contingent has consistently refused ot acknowledge that transitional pre-independence arrangements, such as are demanded in varying degree by Britain and by the Patriotic Front, are necessary. And although there seems now to be some acceptance of the necessity for the pre-independence elections on which Britain insists, the Bishop would want these to take place within the existing administrative and political structure, although under British authority.

But Mr. Smith's apparent readiness to negotiate on the veto issue could well loosen the log jam in the Lancaster House talks.

The Patriotic Front had its own bilateral meeting with Lord Carrington yesterday afternoon. This continued its point-by-point examination of the outline British proposals and the Front's own suggestions. This began on Wednesday, but the Front, which continues to take a broadly constructive line, may now find its own tactical and propaganda lead challenged.

Yesterday afternoon the Front repeated its objections to British provisions that 20 per cent of the seats in a new Parliament be held for 10 years by whites. They also objected to a British proposal during yesterday's talks that one-third of the seats in the Senate be elected by white MPs. A further third would be African while the remaining third would be chosen on a regional basis.

The Patriotic Front still seems prepared to accept white parliamentary representation and to agree to other constitutional changes provided these do not threaten black control of government and administration.

But there was speculation last night that the Muzorewa delegation might declare its complete acceptance of the British constitutional proposals as a basis for *negotiation in a tactical move* designed to force the pace of the conference and embarrass both the Front and the British Government—the latter by what would amount to an appeal to the Tory Right wing.

£ in New York

—	Sept. 19	Previous
Spot	$2.1430-1440	$2.1485-1495
1 month	0.45-0.40 dis	0.45-0.40 dis
3 months	0.83-0.78 dis	0.92-0.86 dis
12 months	3.00-2.90 dis	3.10-3.00 dis

Further 14,000 jobs may go at BL cars

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS' drive to raise productivity could cost 14,000 jobs in addition to the 25,000 cuts already announced by Sir Michael Edwardes, the chairman.

Management has told trade unions that it wants to press ahead with an incentive scheme tabled more than 12 months ago. Under the scheme, workers could earn up to £15 a week more for a 20 per cent improvement in productivity.

Sir Michael is seeking to break through the cycle of low productivity and low pay that has hampered the company for a decade.

He is determined that the painful slimming down operation now proposed should leave the company strong enough to meet foreign competition. The aim is to achieve an annual output of 950,000 cars and vehicles "during the 1980s."

Management will be challenging existing working methods to seek greater efficiency. A tough line has been taken at Rover, Solihull, where the company has already suffered a two-week strike following its decision to cut the labour force by more than 1,000 and produce as many cars on two assembly lines as were manufactured on three.

More than 900 workers have already accepted redundancy or transferred to other jobs and Rover hopes the shop stewards will agree to resume production after next week's autumn holiday.

The trade unions can be expected to resist plans for an incentive scheme involving further jobs loss at a time when plant closures and redundancies are being [illegible]ested.

On the other hand, pressure is building on the shop floor for a large increase under the annual wage review due on November 1. The unofficial shop stewards' combine this week drew up a claim for a 26 per cent rise, involving £24 a week increases for all workers.

Management is likely to point out that in the current crisis, where the very survival of BL is at stake, any increase in wages must be financed through improved efficiency.

There is concern within management that wages and salaries have become uncompetitive in recent years and that it is becoming increasingly difficult to attract skilled labour and staff.

Standards for bankers

By Michael Lafferty, Banking Correspondent

DEMANDING PERSONAL requirements for the directors and managers of recognised banks and licensed deposit-taking institutions have been appelled out by the Bank of England.

It is the first time the Bank has gone on record in such detail over the standards it demands from the UK banking community.

The requirements are contained in a Handbook of Banking Supervision, parts of which are published today. The move procedure fort he 1979 Banking is part of the implementation Act. Applications for recognition or a license under the Act must be submitted to the Bank over the next six months.

On recognised banks, the Bank says it will want to be satisfied "as to the integrity and competence of key personnel." The organisation as a whole will have to observe "the highest professional and ethical standards."

Details, Page 8

Benn rejects Callaghan bid to avoid Labour conference split

BY RICHARD EVANS, LOBBY EDITOR

MR. CALLAGHAN'S attempt to head off a damaging split in the Labour Party over constitutional changes was roundly rejected by Mr. Anthony Wedgwood Benn yesterday. The move makes a confrontation at the party conference inevitable.

But as leading Right-wingers gave Mr. Callaghan full support and argued that the constitutional changes proposed by the Left would turn the Labour Party into "a narrow sectarian and intolerant organisation."

The moderates, from the Manifesto group of MPs and the trade union Campaign for Labour Victory countered Left-wing pressures for reforms by advocating the restructuring of the National Executive Committee to be more representative of the party as a whole.

The scene is thus set, following Mr. Callaghan's doomed attempt to seek a truce, for one of the most significant party conferences in years.

Far from agreeing with the Labour leader's argument that it was essential to postpone constitutional decisions until the proposed party inquiry had studied the issues in depth, Mr. Benn came down unequivocally for immediate action.

Radio interview

He argued, in a BBC radio interview, that the party should first vote on the proposed changes on the mandatory reselection of MPs, a wider electoral college for choosing a leader and the drafting of the manifesto by party conference, and then have the inquiry into matters requiring further discussion.

Mr. Benn argued that what happened before this year's General Election had brought matters to a head. The manifesto had been drafted at a meeting of 47 people, 20 of whom were nominated by Mr. Callaghan and that had created a great deal of anxiety.

But Mr. Benn denied that the present controversy was a leadership contest. To see it in such a personal light would be "a tragic misrepresentation."

If the changes were made it would clear a log jam that had built up in the Labour Party and would make it more likely that the party would win the next election.

"The way to party unity is to clear the log jam that has developed into excessive patronage by the Parliamentary leadership."

In today's Tribune, Mr. Benn and Mr. Eric Heffer, Left wing MP for Liverpool Walton, writes that the Party could not afford to delay the three key decisions until next year.

"Now is the time to take them, just after our election defeat and the beginning of a new Parliament."

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For latest Share Index 'phone 01-246 8026

Bundesbank plea for moderation in wage claims

BY JONATHAN CARR IN BONN

THE BUNDESBANK, the West German Central Bank, has joined the Government in appealing for moderation in wage negotiations this winter — and in opposing general tax cuts in 1980.

In its report for September due for release today, the bank leaves no doubt of its anxiety that rising inflation — now at an annual rate of 4.9 per cent —could receive a further push from the wages round.

It notes that part of current inflation comes from abroad — with import prices up by 16 per cent in July at an annual rate —and that is an element for which neither Government nor entrepreneurs are responsible. The bank adds that even when allowance has been made for inflation, workers' earnings in real terms were 2.5 per cent higher in the second quarter of this year than in the comparable period of 1978.

The underlying message is that the moderation shown by most trade unions in last year's wage round has been paying off. Given a similar attitude this winter, West Germany could overcome the "price hump." caused in part by increased oil costs, and look forward to steady growth and lower inflation in 1980.

Chancellor Helmut Schmidt made similar remarks on wages and price discipline in Bonn earlier this week when he spoke to *leading trade unionists* and employers. He is reported to have impressed both sides.

But the trade union leadership will find it hard to convince its restive rank and file, particularly those who have already been demanding a special bonus for this year to make up for inflation.

The task will be all the harder if general tax cuts in 1980 are ruled out. The political opposition has constantly demanded such cuts, mainly on the grounds that economic growth will be slackening and additional purchasing power will be needed.

In its report the Bundesbank firmly rejects this view, saying that the real economic growth of 4 per cent this year, which has been hoped for, may even be surpassed. Additional Government revenue should be used to cut the state borrowing requirement, it says.

The Government agrees, despite the obvious attraction of tax cuts as a vote catcher in a general election year. Herr Schmidt has said that only if there were a sharp fallback in the economy, which is not expected, could such cuts be considered.

President Honecker . . . strong words for West Germany

Honecker sounds arms call

By Leslie Colitt in Berlin

THE Warsaw Pact countries must strengthen their defences against NATO, and in particular West Germany, says Herr Erich Honecker, East Germany's President and Communist party leader.

His call comes at a time of rising Soviet criticism of West Germany for allegedly agreeing to allow new U.S. medium-range nuclear missiles to be based on its territory.

Moscow has also been angered by the West German Defence Ministry's White Paper, presented recently, which speaks of a growing Soviet military threat in Europe.

President Honecker attacked West Germany in the strongest language he has used in years during a visit to a Soviet army base in East Germany.

He told General Yevgeny Ivanovski, commander of the 400,000-man Soviet army in East Germany, and assembled Red Army troops, that West Germany "threatens to use *the strategic means of* NATO from its territory against the Soviet Union."

This proved the "aggressiveness of federal German imperialism," he said, which the Warsaw Pact must "firmly prevent by strengthening the defence capability of our countries." International tension has increased because "aggressive imperialists" are unable to come to terms with detente, he added.

The President told the thousands of Soviet troops, including missile units, that NATO has replied to the Warsaw Pact's "peace policy" by a "maximum degree of arming." The pretext, he said, was the same as the alleged threat from the East used by Hitler and Goebbels.

BAFFI'S SUCCESSOR TAKES OVER NEXT MONTH

Ciampi to head Italian central bank

BY PAUL BETTS IN ROME

DR. CARLO CIAMPI was appointed governor of the Bank *of Italy last night in succession* to Dr. Paolo Baffi, who has been head of the central bank since 1975. He will take over on October 8 after the International Monetary Fund annual meeting in Belgrade.

The decision was taken at an extraordinary meeting of the central bank's board, which also named Sig. Lamberto Dini, the present executive director for Italy at the IMF, as director-general. This position is equivalent to deputy governor.

Sig. Dini, who is 48, will replace Dr. Ciampi, who has been director-general *of the bank* since July last year.

The new governor, who is 58, has spent the past 33 years of his workiung life in the Italian central bank, where he has headed the research department and been a deputy director-general.

His appointment continues the tradition of selecting a new governor from within the bank. Although Dr. Ciampi is generally regarded as an expert in internal affairs, any lack of international experience is likely to be made up by Sig. Dini, who has worked with the IMF since 1959.

No sudden change is unlikely in monetary policy, which has been conducted with great skill or by Dr. Baffi

His appointment could help cool the controversy which has gulfed the central bank during *the past six months.* This followed the decision of magistrates to charge Dr. Baffi and Sig. Mario Sarcinelli, the bank's joint deputy director-general, in connection with judicial inquiries in the SIR chemical group.

Dr. Baffi has denied all charges and has been increasingly embittered by the controversial judicial initiative. The affair is largely regarded as being politically motivated and aimed at undermining the bank's independence.

Despite expressions of solidarity and confidence, and *political pressure to stay on,* Dr. Baffi has held firm to his decision announced in May that he would step down by the end of the year.

The most pressing task for the central bank's new directorate—composed of Dr. Ciampi, Sig. Dini and Sig. Mario Sarcinelli and Sig. Persiana Acerbo, both confirmed joint deputy directors-general—will be to restore morale at the bank.

Perhaps the biggest challenge for Dr. Ciampi, however, will be to try to preserve the independence of the bank. Under Dr. Baffi, it successfully remained *aloof from the political parties.*

The bank has steered the country skilfully out of the 1976 lira crisis and a succession of government crises. Dr. Baffi played a decisive role in the financial rehabilitation of the economy and Italy's successful entry into the European monetary system.

He built up net official reserves to more than $30bn, but although Italy's external position is still encouraging, figures released yesterday show an overall balance of payments surplus of L960bn (£548m) last month and an overall *surplus of* L2,440bn (£1.39bn) in the first eight months of this year. This compares with a surplus of L4,630bn (£2.64bn) during the same period last year.

Talks fail to reconcile Italian Left parties

BY PAUL BETTS IN ROME

THE LEADERS of the Italian Communist and Socialist parties failed to heal the rift between them during talks yesterday aimed at formulating a joint strategy of the Left.

The meeting was the first official consultation between Sig. Enrico Berlinguer, the Communist Party Secretary General and Sig. Bettino Craxi, the Socialist leader since the inconclusive June general election and the formation of the fragile minority government of Sig. Francesco Cossiga.

Sig. Berlinguer is insisting on his thesis that a stable political solution in Italy can only emerge through the direct participation of the Communists in government.

Sig. Craxi, whose party holds *the current* balance in parliament as long as the Communists remain in opposition, appears more interested in collaborating with those factions of the Christian Democrat Party favouring a return to the centre-left coalition with the Socialists.

Sig. Craxi's *aim appears to* be the nomination of a Socialist Prime Minister heading a broad coalition including the Socialists and Christian Democrats but excluding the Communists.

In July, Sig. Craxi was asked by Sig. Sandro Pertini, the Italian President, to try to form a government to end *Italy's* protracted government crisis. He failed because the Christian Democrat leadership rejected the idea of a Socialist Prime Minister.

But a vociferous and influential faction of the Christian Democrat party appears willing to support Sig. Craxi's strategy since they regard a return to the centre-left as preferable to a policy of collaboration with the Communists.

This conflict among Christian Democrats is likely to be the key issue of the party's forthcoming national congress, scheduled sometime between December and next February.

Sig. Craxi is apparently pro*posing to call an extraordinary* Socialist Party congress immediately after the Christian Democrat gathering to review his party's political line.

At last year's congress the Socialists seemed keen to adopt an alternative left strategy. Although left-wing factions in the Socialist Party continue to support this strategy, Sig Craxi has shifted away from it.

In large measure, this reflects his own preference for an agreement with the Christian Democrats rather than the Communists, the results of the June elections which did not give the Left an overall majority, and Sig Berlinguer's own opposition to the alternative Left concept.

French Left pays lip service to common front

BY DAVID WHITE IN PARIS

FRENCH Socialist and Communist Party representatives made only token gestures towards a common front yesterday after holding their first meeting since the Left's general election defeat 18 months ago.

The meeting came two years *almost to the day after the left*-wing parties, Socialists, Communists and left-wing Radcials, fell out over the updated version of their 1972 common programme.

The two main parties last met at top level before the second round of the March, 1978 election, and agreed to support each other's candidates.

Yesterday's meeting, held at the suggestion of M. Francois Mitterrand, the Socialist leader, as part of a step-by-step procedure to rebuild the Union of the Left, underlined the continuing divergence between the two parties, which have blamed each *other for their election disarray.*

The two sides agreed that Socialists and Communists serving on municipal councils should get together to mobilise public opinion, particularly in protest against tax increases.

Neither M. Mitterrand nor M. Georges Marchais, the Communist secretary-general, attended the three-hour talks at Communist Party headquarters, and the inconclusive outcome came as no surprise. The Communists, in particular, had played down the importance of the meeting. M. Marchais told his party's central committee last week tht the time was not ripe for political pacts. The Communist daily newspaper, l'Humanité avoided mentioning the meeting at all yesterday morning.

The Communist delegation was led by M Charles Fiterman, a member of the central committee secretariat and included representatives from the Marseilles and Grenoble regions, where the two parties are frequently at loggerheads. The The Communists later described the talks as "constructive and realistic."

At the Socialist congress last April, M Mitterrand kept his party committed to the Union of the Left, despite dissenting factions who wanted to steer the party towards the Centre.

M Marchais, who like M Mitterrand is identified by his critics with the abortive alliance, adopted the compromise idea of a "rank-and-file union" at the Communist congress the following month.

Rotterdam docks protest over arrested strikers

BY CHARLES BATCHELOR IN AMSTERDAM

MORE THAN 1,000 striking dockers and tugboat men demonstrated in front of the Rotterdam police headquarters *yesterday in protest against* the arrest of several fellow strikers.

Nineteen men were arrested on Wednesday following a pitched battle with riot police after the strikers tried to stop men working at a container handling depot.

Leaders of the unofficial strike, which yesterday entered its fourth week, claimed the police had used excessive force.

The dispute has become increasingly bitter in the past few days with gangs of strikers threatening those willing to work. There are no signs that the industrial action is spreading, however; but neither is there any indication of an end to the strike which still has the support of several thousand dock employees.

No shortages have yet been *reported* as a result of the dispute. Some vessels which would normally dock in Rotterdam have been diverted to other ports in north-west Europe.

Only 5 per cent of the goods entering Rotterdam are affected by the strike, said Mr. J. Riezenkamp, the Rotterdam Council *member with responsiblity for* the port.

Although the overall impact on the port has been small the labour-intensive general cargo handling sector has been badly hit. Bulk oil and ore carriers docking in the outer harbour basin have not been affected. The container terminals are also working normally.

Buoyant outlook for Swiss

BY BRIJ KHINDARIA IN GENEVA

ECONOMIC ACTIVITY in Switzerland is likely to pick up further during the remainder of this year, but the rising trend of prices is unlikely to slow down for the time being, according to an official study.

Switzerland's Economic Research Commission says in its latest report that economic prospects have begun to improve because of a more favourable outlook for exports and growth in private investment.

The watch-making and tourist industries remain in the doldrums, however, and new tensions have appeared on the labour market although no rise in unemployment is expected.

The consumer price index rose by 0.9 per cent and the wholesale index by 1.1 per cent last motnh indicating an annual inflation rate of about 4 per cent compared with 4.9 per cent annual rate in July. These continue, however, to be well below those of other industrialised countries.

The construction industry, an important indicator of domestic economic activity, has picked up this year because of increased demand for private houses. However, consumers continue to be reluctant to spend money on other goods such as electrical appliances.

Former Czech President dies

PRAGUE—Former Czechoslovak President Ludvik Svoboda, head of state during the 1968 Soviet-led invasion *of his country, died yesterday,* aged 83, Radio Prague reported.

Mr. Svoboda, a hero of both world wars and the only top figure to survive the 1969 Communist Party purges, died "after a long and difficult illness," the radio said. He had been living in retirement in Prague after resigning in May 1975 because of ill health.

Reuter

West reduces its taxation share

BY TERRY DODSWORTH IN PARIS

THE PROPORTION of gross domestic product taken in taxes declined in several Western countries last year for the first time since 1965. That is one of the main conclusions of a survey by the Organisation for Economic Co-operation and Development, based on provisional figures for 1978.

The survey says that in the 16 countries for which data is available there has been a general levelling-off of the upward trend in taxation levels.

Between 1965 and 1977 the average proportion of GDP accounted for by taxation, including social security contributions, rose from 28 per cent to 36 per cent in the OECD area as a whole. The increase was especially large in northern Europe.

According to provisional OECD figures, the countries experiencing the most significant decline in taxation included Italy, where it dropped from 37.6 per cent as a proportion of GDP in 1977, to 34.5 per cent last year, the United Kingdom (down from 36.6 per cent to 35.2) and Ireland (35.2 to 33.7 per cent).

In Sweden, the most tighly taxed country, it also dropped slightly from 53.4 per cent to 53.1 per cent. Sweden and Luxembourg (50 per cent in 1977) are the only countries where tax levels have exceeded half of GDP.

The OECD notes that the main tendencies in *changing* tax structures have been towards an increased reliance on personal income tax and, in most countries, social security contributions.

It says that there has been a reduction in the emphasis on consumption taxes, especially on tobacco and alcoholic drinks, while taxes on profit, incomes and property have continued to decline in most countries.

Reserves at record level in Spain

By Robert Graham in Madrid

SPAIN'S FOREIGN exchange and gold reserves reached a new record in August of $12.9bn. month.

The rise has continued this In the first eight months of the year external reserves have risen by $2.8bn. However, August saw a lower rate of increase than in the same month of 1978 — $521m compared with $764m.

This slower rate has been attributed to a combination of a decline in Spain's export performance and a drop in tourist receipts.

Moscow masters the gold markets

By Anthony Robinson

AS THE world's second largest producer of gold, the Soviet Union has emerged as one of the countries to benefit most from the sharp rise in the gold price. Indeed, it appears to have helped the increase by being both buyer and seller over the last six months.

Soviet gold production is now estimated by western mining sources to be around 400 to 410 tons annually.

Heavy investment in new mines end equipment and new extraction techniques is steadily raising production capacity.

At current prices the value of annual gold output is now around $4.8bn—roughly the same as the Soviet Union expects to pay out this year for imports of over 30m tons of grain to compensate for a bad harvest.

Over the last two years the Soviet Union is estimated to have sold the equivalent to its annual production, mainly through Zurich but also smaller amounts through Hong Kong.

Soviet gold marketing is surrounded by the deepest secrecy but it is believed that significant quantities of Soviet gold have been sold to Saudi Arabia in recent months.

The volume of Soviet gold sales through the more traditional channels, however, has dropped off sharply.

Soviet gold sales virtually ceased between September 1978 and March this year.

It is impossible to know the net total of Soviet gold sales since then as the Russians appear to have been buying on a rising market and selling moderate amounts at strategic moments.

There is envy in South Afri... of Soviet freedom to interven... in the market at will whi... the South Africans are lock... into a more rigid pattern o... weekly gold sales.

But as a major producer ... silver, platinum and oth... precious metals as well ... diamonds and other gem stones, which have al... appreciated strongly in rece... months, the Soviet Union ... well placed to profit acro... the board from the curren... flight out of money.

According to the latest go... report by consolidated gol... fields the Soviet Uni... possesses the world's larg... single gold mine at Murunt... in Uzkekistan.

Output is now estimated at som... 80 tons of refined gol... annually using a new ion exchange technique whi... recovers gold from a speci... cyanide pulp.

But two thirds of Soviet go... output is believed to com... from the Soviet Far Ea... Yakutia and East Siberia.

Most of the remainder com... from gold and polymetal... ores in the Urals, Kazakhsta... Armenia and Uzbekistan.

An intensive search for new gold fields is now under wa... particularly in the Asian p... of the country.

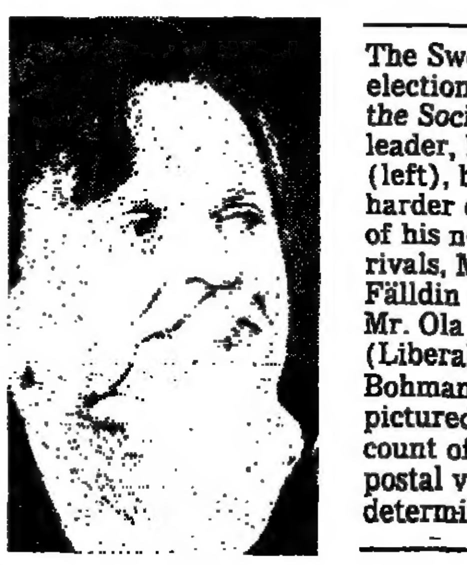
The opening up of vast tra... of mineral-rich lands ... either side of the Baik... Amur railway in Siberia ... also expected to lead to ne... gold finds and increased pr... duction from polymetal... ores.

No figures are available for th... cost of Soviet gold producti... but unlike South Africa with its deep mining technolo... the bulk of Soviet gold com... from placer mines, gold bea... ing gravel and as a by-produ... from polymetallic orebodies.

Under these conditions co... are believed to be lower th... South Africa, although Sov... gold production faces ... usual problems in the coun... of extreme cold and difficul... of transporting equipment.

Election victory brings headaches for Sweden's non-Socialists

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM



The Swedish general election result has left the Social Democrat leader, Mr. Olof Palme (left), breathing even harder down the necks of his non-Socialist rivals, Mr. Thorbjörn Fälldin (Centre party), Mr. Ola Ullsten (Liberals) and Mr. Gosta Bohman (Moderates), pictured (right) at the count of the 40,000 postal votes which determined the poll

SWEDEN'S non-Socialists have snatched victory from the jaws of Mr. Olof Palme and the left-wing parties but the general election has left them in a precarious parliamentary situation.

It is by no means certain that they will manage to agree on the formation of a majority, three-party coalition and, even if they do so, it is not likely to survive a full three-year term. The odds are on a new election in June or September next year.

Statements by the three party leaders on Wednesday evening, after the postal vote count had given them a one-seat majority, suggest that they will try to put together again the coalition they formed after their election victory in 1976. The anti-nuclear convictions of Mr. Thorbjörn Fälldin (then Prime Minister), broke that coalition last October.

However, all the Riksdag (Parliament) parties have agreed to hold a referendum in the spring on the future of Sweden's nuclear power stations. In the view of Mr. Fälldin, who leads *the Centre parts, the referendum* takes the nuclear issue out of the context of cabinet decisions and makes it possible to refashion the coalition.

He put in his claim to the premiership on Wednesday despite the setback to his party in the election. It has lost 22 Riksdag members and has fallen behind the Moderates (Conservatives).

The objective of the election victor, Mr. Gösta Bohman, whose Moderate party increased in strength from 55 to 73 Riksdag members, is to maintain the strongest possible anti-Socialist front. He is not seeking the premiership and, short of capitulating on all the Moderates' positions, he will work for a three-party coalition.

The joker in the pack is Mr. Ola Ullsten, leader of the Liberal party, which, with its 38 Riskdag seats, is the smallest in the non-Socialist bloc. He has tasted power for almost a year as Prime Minister in the Liberal minority cabinet which took over after the collapse of the non-Socialist coalition, and challenging for the leadership of *a new coalition.*

If personalities are decisive, Mr. Fälldin will return to the Prime Minister's office at the head of a three-party coalition. He and Mr. Bohman have a high regard for each other and work well together. Mr. Bohman has not forgiven Mr. Ullsten for exploiting the situation last October to snatch power for his Liberals and Mr. Fälldin is not at ease with the Liberal leader's tough, utilitarian approach to politics.

Internal party pressures, however, could outweigh the personal aims of the leaders. Strong elements within both the Centre and Liberal parties feel that their parties' futures would be endangered by close association with the Moderates.

The chairman of the Centre party's youth wing yesterday called for a broad national coalition, embracing the Social Democrats, to tackle the difficult economic situation. It was no time either for right-wing influence or for doctrinaire socialism, he said.

Several leading Liberals have long advocated that the right political posture for their party is one similar to that of the West German Free Democrats, who rule with and influence the policies of the Social Democrats. Both Mr. Fälldin and Mr. Ullsten felt constrained to emphasise *on Wednesday that* Sweden's next Government must have "a policy which serves more than half the people."

However, Mr. Palme himself may have helped to promote a new three-party coalition by some uncompromising statements on Wednesday on the recent policies of the Centre and Liberal parties. They had widened the gap between the Socialist and non-Socialist blocs, he said. Together with the Moderates, they had concealed the truth about the economic situation from the people during the election campaign.

Mr. Palme was obviously smarting at being deprived at the last minute of a return to power but his tough posture could have a sound tactical base. Although he lost, support for the Social Democrats within the *electorate grew enough to boost* party morale and to stifle pressure within the party for a new leader. Also, although he would not comment on Wednesday night on his attitude to a new poll, Mr. Palme must consider that his chances are good of winning an election in June or September 1980.

An election next year could significantly increase the number of Social Democrat members in the Riksdag. This would ease his dependence on Communist support and open up chances for compromises on crucial issues *with either the* Centre party or the Liberals.

The non-Socialists' one-seat majority in the Riksdag, which will convene on October 1, is obviously a fragile base for governing. The suggestion yesterday in Dagens Nyheter, the *biggest* morning daily newspaper, that non-Socialist interests would best be served by a Centre-Liberal minority cabinet relying on Moderate party parliamentary support seems more like a cry of despair.

If Mr. Ullsten's sharp tactical antennae can discover no other way out, the probability is that the three non-Socialist parties will agree during the next two weeks to form a coalition under Mr. Fälldin. It will have great difficulty, however, in navigating the rocks and shoals before it during the next six months.

It will be d[illegible] policy. The [illegible] campaign [illegible] against [illegible]

referendum, while the Moderates and Liberals will be striving on the other side. Uncommon restraint within cabinet will also be necessary to prevent these differences from affecting the Government's work.

The administration will have to set the stage for important negotiations between the employers and the unions on a new national wages agreement. Talks are due to start in November, but the unions are already calling for immediate discussions on wage compensation to which they are entitled after the consumer price index broke through the agreed threshold in August.

The warning earlier this week from the Federation of Swedish Industries on the swiftly rising payments deficit and the threat of 12 per cent inflation next year was described as exaggerated yesterday by the chief economists of both the trade *union federation and* the employers' association. Neither body, though, can challenge the federation's conclusion that there is little scope for any real income improvements in the immediate future.

The new Government must *strive for a low* wages settlement. This entails agreement among the non-Socialist parties on tax policy, the area in which their differences are most obvious.

All in all, the 1979 general election has not left Sweden's non-Socialists in an enviable [illegible]. Mr. Palme is breath[illegible]

OPEC urged to abandon price policy

By Ray Dafter, Energy Editor

ONE OF the founders of th... Organisation of the Petroleum Exporting Countries (OPEC), Sheikh Abdullah Turaiki, yesterday urged oil producers to abandon their policy of steadily increasing prices and exchange their crude production for factories and technology instead.

Sheikh Turaiki, a former Saudi oil minister and now a consultant, said OPEC's policy *was doomed to failure.* The producers would continue to be the losers because of their need for imported goods, he said. They could limit their oil exports instead.

He also told the Gulf weekly newspaper Al-Hadaf that the proposed talks between the EEC and Arab oil producers was a "conspiracy" aimed at separating the Gulf oil states from OPEC, a move which would transform the organisation into "a helpless group."

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Pakistan officer denounces Zia's planned elections

BY SIMON HENDERSON AND DAVID HOUSEGO

A PAKISTAN army brigadier announced in London yesterday that he was resigning his commission in protest at the martial law regime of General Zia-ul Haq.

Brigadier Usman Khalid, commandant of the artillery school, said he did not believe general elections planned for November would be fair and free. He said amendments in electoral laws and the introduction of proportional representation would ensure that the Pakistan People's Party of the late Mr. Zulfikar Ali Bhutto could not win although it had the support of the majority.

The brigadier is the first senior officer to resign since martial law was introduced with the overthrow of Mr. Bhutto more than two years ago.

His resignation and his public denunciation of the regime raise the possibility of further defections within the Pakistani army. The brigadier claimed that 90 per cent of the armed forces shared his views on democracy and said there had already been scores of resignations.

Unrest in the army poses a potentially major threat to General Zia's regime. Officially the Pakistan army has always tried to show itself as a non-political force and claimed that the unity of its ranks was the greatest contribution to the country's stability.

The brigadier and a lieutenant-colonel, who has resigned on similar grounds and joined him at a Press conference in London yesterday, are from the majority Punjab province which dominates all sections of life in Pakistan.

Brigadier Usman called for the resignation of Gen. Zia and of the chief election commissioner as well as the withdrawal of amendments to the constitution. He said that if this did not happen by the end of the month, he hoped there would be mass resignations of senior officers.

He announced the establishment of a Pakistan Liberation Movement and said that he would be applying for political asylum in Britain.

The Pakistan embassy in London said yesterday that it was surprising and unprecedented to hear of the resignations.

Reuter reports from Rawalpindi: One person was killed and two seriously injured in an election clash at Dera Ghazi Khan in central Punjab province. The incident, reported yesterday, is the first violence so far in a campaign for provincial local elections next Tuesday.

South Africa makes gas find

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA'S State-owned oil exploration company, Soekor, is "reasonably optimistic" it may have made a "viable discovery of natural gas" off the west coast of South Africa and Namibia (South-West Africa).

The latest borehole sunk by Soekor, west of Hondeklipbaai, south of the Orange River, has produced gas, although the borehole is not yet complete. It is likely to take several months before it can be properly tested.

Cautious optimism about the latest discovery follows a similar gas find by the U.S. oil company, Chevron, off the same coastline in 1974. However, that find, which was never tested, was considerably further north, within Namibian waters.

The international dispute over Namibia in which the United Nations challenges South Africa's rule of the territory, has been an important factor in preventing that find being tested or exploited.

If the area is found to contain viable quantities of natural gas, it would greatly increase the strategic significance of negotiations over the territory's future.

The gas finds are probably the most hopeful signs to emerge so far from Soekor's R150m (£80m) 10-year search for oil both on- and off-shore.

But Soekor insisted yesterday that, although the same geological basin stretched from the Orange River to south of Hondeklipbaai, as yet, no proof existed of a major gas field.

Chevron had forfeited its rights to its gas strike since 1974, Soekor said. It had not been tested at the time because the pressure was too great for the rig being used. The fact it was in Namibian waters made the find politically sensitive.

The depth of the 1974 find was more than 10,000 ft and the present borehole is likely to reach a similar depth, although the gas has already been found at about 6,000 ft.

At present, Soekor has two drilling rigs in operation: Sedco 708, which has found the gas, and Sedco K, which is drilling in Mossel Bay, where shows of oil have been found.

A third rig is being leased early next year, which will increase capacity from the present 6-8 holes a year to 12-14. The budget for the coming year has been increased to R75m (£40m).

Despite the exploration effort, South Africa is wholly dependent on imported oil for its liquid fuel requirements. It is, therefore, extremely vulnerable to international oil sanctions, even though some 75 per cent of its energy requirements actually come from non-oil sources.

The commissioning of the Sasol-2 oil-from-coal scheme will further reduce its dependence.

Nizam's jewel sale postponed

By K. K. Sharma in New Delhi

THE WORLD'S most highly-priced jewel auction was postponed yesterday when the only two bidders threatened to withdraw unless they were assured that the jewels could be exported.

The auction of 37 items of jewellery from the late Nizam of Hyderabad's treasure was postponed until today when the Supreme Court, which has ordered the sale of the jewels, will decide whether it can give the required assurance.

The complication arose when the Indian Government's Solicitor-General sought a stay a few hours before the auction was to begin. He said the Government wanted until today when a Cabinet meeting is being held, to decide whether export of the jewels should be permitted.

The move came after widespread criticism of the auction by Indian art lovers, who insist that the country's heritage is being sold to foreigners. Protests have also come from politicians, who want the Government to buy the jewels and keep them in an Indian museum.

The Supreme Court did not allow the stay. The judges asked: "What has the Government been doing until now? It is too late." But when the auction proceedings began, the only two bidders—the Greek shipping magnate, Mr. Stavros Niarchos and Mr. Abdul Waharo Galadhari, a wealthy businessman from Dubai—said they would withdraw unless they were given the requisite assurance on export.

The official auctioneer, Mr. Ram Narain Malhotra, of the Finance Ministry, then adjourned the proceedings until he could consult the judges. He came back to say the court would make a pronouncement today.

ISRAEL DEBATES THE MORAL PRICE OF ITS FIGHT FOR SURVIVAL

Cover-up of an army's shame

BY DAVID LENNON IN TEL AVIV

THE DECISION by Israel's Chief of Staff to commute the sentence of an officer found guilty of murdering four Lebanese civilians last year has raised a storm of controversy throughout this country where people believed that their army combined military excellence with a high code of ethics.

The Israeli army, which is one of the pillars of the state, suffered a major blow to its prestige because of its unprepared-ness in the 1973 war. Prior to that the army was regarded as above criticism. Its actions were always believed to be just and essential in the defence of a nation constantly threatened by hostile neighbours.

It was a traumatic shock for the nation to discover in 1973 that the army suffered many of the deficiencies of the rest of society. The revelation now that an officer had tortured and murdered four civilians he took prisoner has dealt a blow to the belief in the high moral behaviour of the army.

Questions have been raised about the army since 1973. Recently the state controller criticised the way the army functioned during the invasion of southern Lebanon last year, and there has been public questioning of other aspects of the behaviour of the military.

The basic facts of the case, as first reported abroad last week and never denied in Israel, are fairly simple. Lieutenant Daniel Pinto tortured and strangled four Lebanese villagers while serving in south Lebanon after the Israeli invasion of the area in March 1978. He was sentenced to 12 years' imprisonment, subsequently reduced by an appeal court to eight years.

The trial was held in camera and few people knew about the incident, even though the sentence was announced. The case only became a cause celebre after the chief of staff, Lt.-Gen. Rafael Eitan, used his powers of clemency to reduce the sentence to two years.

Because of the row which developed among parliamentarians, the chief of staff gave an interview to an Israeli paper, to defend his decision. He said that Lt. Pinto had acted in self defence, as he had claimed at the trial. This appeared to be almost a flat rejection by Gen. Eitan of the court's findings.


General Rafael Eitan: resignation demanded

The facts, however, seem to contradict the claims both of the lieutenant and the general. The court ruled that Lt. Pinto accompanied by two soldiers, had taken four unarmed villagers prisoner, bound their hands and feet, and then tortured them before strangling them and throwing them down a well. The only extenuating circumstances was that he was trying to find out who killed a fellow officer.

But the issue has been clouded in Israeli eyes by the behaviour of the chief of staff in commuting the sentence to two years, which amounts to a virtual pardon, and the use of military censorship to prevent the facts of the case becoming known. There have been calls for Gen. Eitan's resignation.

Underlying the row is disquiet among some Israelis about what is and is not morally acceptable.

Last weekend Mr. Amos Oz, the nation's leading novelist told a public meeting: "I fear that Gen. Eitan is an honest man, and I fear that the real meaning of the clemency he extended to the convicted officer is that he truly believes that killing a few arabushim (a derogatory Israeli term for Arabs) is not such a terrible thing.

Israel has long had an image in the West as a nation guided by high moral principles. It has demanded support from abroad as the moral duty of the western nations which stood aside during Hitler's holocaust.

Compared to its neighbours Israel is a bastion of democracy and law, at least where its Jewish citizens are concerned. It has not hung a single Palestinian terrorist despite the barbarity of many of their actions. The last Prime Minister was forced to resign over a financial misdemeanour. Lt. Pinto was brought to trial and sentenced.

But Israel remains a raw nation where the fight for survival is very much a daily issue, and many of the niceties long associated with the liberal, humanitarian Jewish tradition have had to go overboard.

The creation of the State of Israel as a haven from pogroms and extermination involved actions which have since been attacked on moral grounds.

Mr. Zeev Schiff, the veteran military correspondent of the authoritative Ha'aretz daily paper, and a man no one would accuse of being a Leftist, spelt it out bluntly

There is a not inconsiderable amount of hypocrisy in the words of those who are trying to give the impression that the Israel Defence Forces (IDF) of 1979 is a army whose purity of arms is blemished in comparison with the IDF of the past, and that the Litani operation is the negative example of the moral deterioration of our soldiers.

He asks Gen. Eitan's critics how it occurred that in the War of Independence our forces did not take prisoners from among the Palestinian fighters

The veteran correspondent adds that "whoever speaks of looting as if it characterises the IDF of 1978-79 should remember that in the 1948 war accidental looting did not occur, rather, many thousands of our soldiers and citizens looted the property of an entire people that fled."

The Israeli army as a force of Sir Galahads fighting for their existence while maintaining a high moral pose never existed in reality, only in propaganda. The Jews who created Israel were not western liberals, but rather those who had rejected the whole tradition of finding accommodation within western society and decided that their only salavation from persecution lay in the creation of their own state. Like all nation builders they were hard realists.

It is only now, with the state firmly established, that some of the Israelis are returning to the liberal ideals.

But the one, great unresolved dilemma facing Israel is the Palestinian issue. For the hardliners like General Eitan the issue is simple, it's them or us.

For the emerging liberals the question is more painful. They have to admit that Israelis did an injustice to another people, the indigenous Palestinians. The case of Lt. Pinto reminded Israelis of the moral price they paid in creating their state.

Oman-Iran talks on security

By Our Foreign Staff

OMAN has sent a senior envoy to Iran to discuss the security of the Strait of Hormuz, which lies between the two countries at the entrance to the Gulf.

The talks in Tehran between Mr. Mallallah Ali Habib, the Omani envoy, and Iranian Foreign Ministry officials coincided with an announcement that the Iranian navy would stage manoeuvres in the Gulf on September 23—its first show of strength since the revolution in February.

Sultan Qaboos bin Said, of Oman, is known to be deeply concerned about the security of the whole region and of the Strait in particular because of the fall of the Shah and Iran's stated abdication of its role as a military protector of the Gulf. He has sent envoys to other Gulf states to discuss the issue.

Oman is particularly worried about the threat of terrorist attacks on tankers using the Strait.

Mr. Habib said Iran was willing to co-operate with Oman to safeguard the Strait but no concrete measures had been discussed.

Rear-Admiral Ahmad Madani, head of the Iranian navy, said in announcing the naval exercise, that the security of the Gulf was the responsibility of world oil-buyers as well as of the littoral states.

A leading Iranian clergyman, Ayatollah Sadeq Rouhani, has issued another threat of annexation against the island of Bahrain on the southern side of the Gulf. He said that the Emir of Bahrain was oppressing his people. "We hope that one of two things will come to pass in Bahrain: either restoration of Islamic laws, or annexation to the Islamic Republic of Iran."

The Shah formally gave up Iran's claim to Bahrain in 1970. The island has a majority of Shia Moslems (as in Iran) but the ruling Khalifa family are Sunni, the largest sect in Islam.

Vietnam 'boosts forces in Kampuchea by 50,000'

BY DAVID HOUSEGO

VIETNAM has raised the number of its forces in Kampuchea (Cambodia) from 150,000 to 200,000 in preparation for a dry-season offensive against the Khmer Rouge guerrillas of the deposed Pol Pot régime, according to reports from Bangkok.

The reports confirm the views of Western observers that the Vietnamese are seeking a rapid victory to consolidate the power of the Heng Samrin Government, for whom they are seeking international recognition.

A lengthy campaign would risk a damaging renewal of charges against Vietnam of intervention in Kampuchea. It could also encourage the Chinese to attempt another attack on Vietnam if they believed the country was being weakened by a continuing Kampuchean war.

The Chinese have been asking Western governments to limit their aid to Kampuchea to areas controlled by the Pol Pot forces without defining what these are.

The only known Western aid reaching Kampuchea—a country now faced with starvation—is the relatively small quantity of medical and food supplies being channelled through agencies such as the International Red Cross.

The timing of the Vietnamese offensive is likely to be affected by the heated discussions on Kampuchea now taking place at the United Nations General Assembly. On Wednesday, the credentials committee recommended that the Pol Pot régime should continue to hold the Vietnamese seat.

Western governments would formally oppose renewed Vietnamese intervention in Kampuchea but a swift Vietnamese victory (as opposed to a protracted war) would undoubtedly ease diplomatic efforts to achieve a political settlement in Indochina.

Western observers expect it would be followed by a much-publicised withdrawal of Vietnamese forces as the prelude to the formation of a more broadly based Government in Phnom Penh.

Hong Kong sends refugees under guard to China

BY PHILIP SOWRING IN HONG KONG

THE Hong Kong Government yesterday repatriated to China 733 Vietnam Chinese refugees who arrived here earlier this year by boat claiming to have come directly from Vietnam, but who had actually arrived from China.

The repatriation, which took place under heavy guard, followed discussions which have been going on for some time between Hong Kong and the Chinese authorities.

Many refugees who arrive in Hong Kong from Vietnam by boat, especially those who come on sailing boats from North Vietnam, stop in China for repairs and provisions.

But those repatriated yesterday were refugees who had earlier gone to China from Vietnam and been resettled in Chinese communes.

Presumably with the connivance of low-level officials, they later obtained fishing boats and made the trip to Hong Kong.

Several other boat-loads, amounting to several hundred people, are at present being investigated

The Chinese made special arrangements to receive back the emigrés, who are not expected to be punished. Such cases are expected to recur, because many of the 250,000 ethnic Chinese who fled to China from Vietnam have been settled in coastal areas near Hong Kong.

Japan steel output to decline

BY RICHARD C. HANSON IN TOKYO

JAPANESE CRUDE steel output will decline in the last quarter of this year after nearly two years of unbroken expansion.

The Government's guideline on steel production in the October-December quarter indicates a 1.2 per cent decline from the present quarter as a result of a slowing down of exports, particularly to China.

The Ministry of International Trade and Industry has set the guideline at 27.6m tonnes of crude steel for the coming quarter, down from the expected production of 28m tonnes from July to September. Present quarterly output projection is about 300,000 tonnes below the Ministry's original guideline.

Domestic demand for steel is relatively strong in most sectors of the economy, notably cars and electrical appliance industries.

The outlook is for some slow-down in demand from the construction sector, with Government public works spending being held back, but otherwise strong demand and low inventories will continue to make the domestic market buoyant.

The export side has proved less attractive than could be hoped because of a sharp slow-down in orders from China. New orders for steel from China in the first six months totalled about 2.2m tonnes, but orders in the second half will probably be around 800,000 tonnes.

Exports in general have held the same level as last year in January-July at about 17.9m tonnes.

Exports to the U.S., despite a slow-down in demand in some key industries, have not been badly hit so far, while other exports such as those to the Middle East have been good.

The steel industry has done well financially during the half year which ends this month, but higher costs following the latest increases in OPEC oil prices will probably slow performance in the coming half year.

Japanese steel makers have generally started to put more emphasis on making steel production profitable. Later this year, the industry is expected to seek its first domestic price increase in nearly three years.

Overall, crude steel production for the year will be up about 3 per cent from last year to an estimated 110,650m tonnes.

Big banks follow prime rate move

BY DAVID LASCELLES IN NEW YORK

MANY major U.S. banks increased their prime rates from 13 per cent to a record 13¼ per cent yesterday, following the lead set by Chemical Bank of New York the day before.

These included Chase Manhattan, Morgan Guaranty, Bank of New York, European-American Bank, First Pennsylvania Bank and Bankers Trust. Citibank, which sets its prime rate according to a formula based on the cost of short-term funds each Friday, was expected to follow suit today.

At the same time, money market analysts concluded yesterday that the Federal Reserve had also slightly tightened the key Fed funds rate, from 11¼ per cent to 11½ per cent, following the increase in the discount rate to a record 11 per cent earlier this week.

Some market observers were puzzled that the Fed had not *acted more aggressively in the* Fed funds market, by pushing the rate up to 11¾ or even 12 per cent. Traditionally, the fed funds rate is one per centage point higher than the discount rate. The high pace of inflation and the dollar's weakness would also be reasons for a higher Fed funds rate.

However, the sharp division of opinions about the effect of interest rates on the economy continued yesterday as a number of key figures made their views public.

Senator Lloyd Bentsen, chairman of the Joint Economic Committee, said that a 13¼ per cent prime rate was "a matter of serious concern" and that he hoped the authorities "have gone as far as they are going to go" in using the monetary system against inflation.

Several members of the Federal Reserve Board indicated that they had voted against a rise in the discount rate on Tuesday for fear of pushing the economy into a deeper recession. But Mr. Henry Wallich, a Board member, said in a speech at a New York conference that interest rates might still not be high enough to curb inflation.

When the level of inflation was higher than prevailing interest rates "it can reasonably be argued that interest rates that are negative in real terms are excessively expansionary," he said.

Credit rating reduced on Chicago bonds

BY MARALYN EDID IN CHICAGO

CHICAGO LOST its prized double-A credit rating for the first time in at least two decades on Tuesday, when Standard and Poor's lowered its rating of city bonds to A-plus because of the city's weak financial position.

The rating agency's analysts said a 1978 operating deficit will reduce the general fund surplus to $8m from a previously budgeted $30m: unpaid bills for city services have been building for several years, and will reach $94m by December 1979; and the city has used nonrenewable funds from Government grants and land sales to finance operating expenses.

For years Chicago has enjoyed the reputation of a fiscally sound and well-managed city, especially compared with its northern urban peers such as New York, Cleveland and Detroit, which have suffered severe financial difficulties recently.

But the snowstorms that paralysed Chicago last winter generated more than $50m in clean-up costs and the propensity of the mayor, Mrs. Jane Byrne, to criticise her predecessor's policies, especially on financial matters, has made city finances a political hot potato this year.

The S and P analysts said the city's rating could be restored by eliminating the city's deficits and meeting other liabilities in a more orthodox manner. They warned, however, that the problems would require several years to correct. They also said that if it were not for the city's strong and diversified economic base, the rating might have slipped below the single-A category.

Bid to end House budget revolt

By David Buchan in Washington

DEMOCRATIC LEADERS in the U.S. House of Representatives started work yesterday to rescue the 1980 Federal Budget An unexpectedly large defection of 67 Democrats had caused the defeat on Wednesday night of a $548.6bn spending limit resolution for the fiscal year beginning on October 1.

The Budget resolution's defeat, although not unprecedented, is another sign of the *increasing difficulty* House Democratic leaders have had in marshalling their troops this year. A previous instance of this difficulty was illustrated by the protracted wrangle over President Carter's petrol rationing plan.

Republican discipline has by contrast been much tighter, and on Wednesday all but four Republicans in the House voted as they traditionally do against the Budget resolution. The House had earlier thrown out a Republican proposal for a $20bn tax cut and some corresponding spending reductions.

The Democratic leadership's task is now to rejig the Budget resolution, which sets binding limits on broad spending categories, to win over defectors among the Democrats. Some of these want higher defence spending and some want to devote less to guns and more to the butter of social programmes.

The House has shown itself much less monolithic in favour of increased defence spending than the Senate, whose attention is now consumed with the SALT arms treaty.

Whatever the fate of the Budget in the House, the overall deficit in the 1980 Budget seems certain to be around $30bn.

The Senate this week passed a Budget resolution of $546.3bn, with a deficit of $31.6bn.

Chrysler elects Iacocca chairman

BY OUR NEW YORK STAFF

MR. LEE IACOCCA was yesterday elected chairman and chief executive *of Chrysler at a meeting* of the board of directors at the company's Detroit headquarters. The appointment was virtually a formality after Mr. John Riccardo announced his early retirement from the ailing company's chairmanship on Monday.

Mr. Iacocca's former position of Chrysler president and chief operating officer was filled by Mr. J. Paul Bergmoser, 63, formerly the executive vice-president responsible for procurement and supply. Mr. Bergmoser was also elected to the board.

Other appointments yesterday included Mr. Gerald Greenwald to the unenviable job of executive vice-president of finance.

Most senior positions at Chrysler are now occupied by former members of Ford Motor Company, from which Mr. Iacocca was dismissed last year. When he was appointed president of Chrysler, he started raiding Ford's top management.

The job of rescuing Chrysler from its financial distress and hammering out a deal with the Government thus falls squarely on Mr. Iacocca, a man reputed to have greater reservations about government assistance than Mr. Riccardo.

Chrysler's request for federal aid is now at something of an impasse. At the end of last week the Government dismissed as "way out of line" Chrysler's request for $1.2bn in immediate *standby federal loan guarantees.* The Government and Chrysler are now working on a rescue package which would then have to be approved by Congress.

● The New York courts have said they have no jurisdiction in a $50m lawsuit filed by dissident shareholders against Mr. Henry Ford II, chairman of the Ford Motor Company.

Their lawyers said yesterday they would re-file the suit, either in Delaware, where Ford is incorporated, or Michigan, where its headquarters are. The much-publicised suit alleges that Mr. Ford misappropriated company funds. Mr. Ford has consistently denied the allegation.

H-bomb scientists facing probe

BY OUR WASHINGTON CORRESPONDENT

THE CONTROVERSY over *Press articles about nuclear* weapons—hydrogen bombs in particular — has taken a fresh turn, with news that the Justice Department is considering criminal investigations of government scientists who may have divulged classified information on H-bombs to journalists.

This follows the Government's decision on Monday to drop its prolonged attempt in court to have the Wisconsin-based magazine Progressive permanently restrained from publishing an H-bomb article. This case had caused a *considerable stir* among the Press and the legal profession, because it was the first time the Government had tried to use "prior restraint" against a publication since the Supreme Court overturned the Nixon Administration's attempt in 1971 to stop the New York Times from printing the Pentagon Papers.

The Government's climbdown in court came after another Wisconsin newspaper, the Madison Press Connection, published a long letter giving the key principles for making an H-bomb. The government case in its civil suit against the Progressive was that, while U.S. security might not be directly endangered, such open articles increased the hazards of nuclear weapon proliferation

● The Nuclear Regulatory Commission this week ordered a Tennessee nuclear fuel-making plant to close, after the discovery that enough enriched uranium to make at least one bomb was unaccounted for

Air Canada 'failed to spot crack'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR CANADA failed earlier this year to spot a fatigue crack in the aircraft which suffered failure of its rear pressure-bulkhead in flight last Monday, the *airline admitted yesterday.* The crack was in the area which failed.

The aircraft, a DC-9-32 twin jet airliner, was flying from Boston to Nova Scotia when its rear pressure-bulkhead blew out.

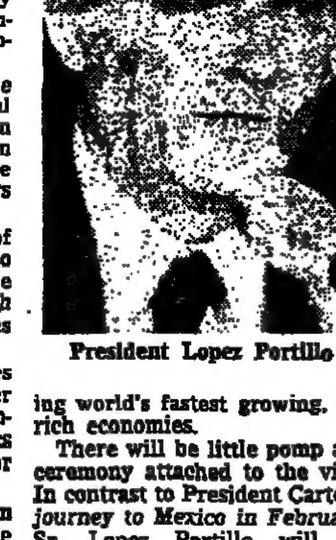
The Federal Aviation Administration said that three years ago, because of concern over possible failures of the rear pressure-bulkhead in those aircraft, it had issued an Airworthiness Directive requiring full inspections every 4,000 cycles (one cycle being a take-off, flight and landing), or an immediate strengthening of the area.

Air Canada, which chose to make regular inspections, admitted it had inspected the vital area in the aircraft concerned last May, but had failed to spot the fatigue crack. It had re-examined an X-ray plate of the pressure-bulkhead, and had discovered signs of a small crack beginning.

PRESIDENT LOPEZ PORTILLO'S VISIT TO WASHINGTON

Mexico stands up to 'big brother'

BY WILLIAM CHISLETT IN MEXICO CITY



President Lopez Portillo

THE MEXICAN President, Sr. Jose Lopez Portillo, visits the U.S. this month against a background of sensitive economic and political problems between the two countries, but at the same time a growing awareness of their interdependence.

Mexican nationalism reached its annual peak last Saturday with the commemoration of independence from Spain on September 15, 1810.

As always the climax of the celebrations was the traditional "grito" (shout of joy) given by the President in the main square of Mexico City to the chiming of bells and the cheers of the crowds.

But these days the focus of nationalistic antagonism is no longer Spain, but the U.S., the *giant northern neighbour with* which Mexico shares 2,000 miles of frontier.

Any foreigner who mingles with the crowds on September 15 is likely to get a bag of confetti full in the face if he looks like a "gringo"—the term for North Americans.

To judge from the Mexican Press one would think that the two countries are perpetually at each other's throats and that Mexico is still licking the wounds to her national pride caused by the Treaty of Guadaloupe.

This ended the war between the two countries in 1848 and gave the U.S. half of Mexico's territory, including what is today California, in return for $15m compensation.

Sr. Lopez Portillo meets President Carter in Washington on September 28 to review the brittle state of relations between the world's most developed nation and one of the developing world's fastest growing, oil-rich economies.

There will be little pomp and ceremony attached to the visit. In contrast to President Carter's *journey to Mexico in February,* Sr. Lopez Portillo will be making an official, not a state, visit.

Privately it is said that the reason for the lack of fanfare surrounding the trip is that both sides wish to tone down the importance of such meetings.

Mexican officials, in particular, feel that every time their President meets the U.S. President public expectations are raised too high and the Press beats the nationalistic drum excessively.

The meeting in February between the two heads of state highlighted the countries' differing *perceptions* of the relationship between them. The U.S. wanted to discuss such matters as oil and gas sales and the problem of illegal Mexican immigration; the Mexicans wanted discussions of details to be prefaced by a fundamental declaration that their neighbours saw them as equals.

Sr. Lopez Portillo gave Mr. Carter a public dressing-down for the U.S.'s "big brother" attitude to Mexico.

Nationalisim has dogged important aspects of economic relations. Agreement has been reached, after 21 months of bitter recriminations, on the amount of gas which Mexico can export to the U.S. but there is still haggling over the price, which is unlikely to be ironed out next week.

Mexico can make available 300m cubic feet a day, starting at the end of the year, but is demanding $3.75 per thousand cubic feet. The U.S. is prepared to pay only $3.50.

Talks broke down at the end of 1977 when the U.S. Energy Department vetoed the price agreed between Pemex, the *Mexican state oil monopoly, and* U.S. gas companies. Then it was intended to export 2bn cubic feet a day at $2.60 per thousand cubic feet. In the meantime Mexico has decided to use far more gas domestically and export less.

Mexico is still insisting that gas be given its "right price." Another sensitive issue is the complex problem of tariffs.

Florida tomato growers have brought dumping charges against Mexican growers, but have agreed to put off the charges until the two governments have been given a chance to find a solution.

One option under discussion is a trigger price mechanism, which would limit the quantity of Mexican produce into the U.S. when the market price fell below a certain level.

But the fact remains that the U.S. is Mexico's natural client, taking 70 per cent of its exports (including 480,000 barrels of oil a day) and originating 60 per cent of Mexico's imports.

Several million Mexicans are *living and working illegally in* the U.S. There is no other country in Latin America to which the U.S. is so inextricably tied.

There have been efforts to improve relations on the political front since February.

The U.S. recenly appointed a special ambassador for Mexico *over and above its ambassador* here and the Mexican Foreign Ministry has created a North America section. Since February, eight commissions have been working to deal with the different issues.

The two nations may not be much closer to understanding each other, but the U.S. is at least more aware of the need f or rapprochement. If he wants to be re-elected, President Carter cannot afford to ignore the increasingly powerful Hispanic lobby at home.

Certainly the atmosphere will be different from President Lopez Portillo's first visit to the U.S. in 1977, shortly after Mexico had devalued the peso by 80 per cent.

Now his country, outside the Organisation of Petroleum Exporting Countries, and with the sixth largest proven oil reserves in the world, is in a position to demand better treatment.

Beating the Tokyo car components labyrinth

By Charles Smith, Far East Editor, in Tokyo

ABOUT THREE years ago the British Embassy in Tokyo identified motor components as something which Britain ought to be able to sell to Japan, given the world-wide competitive edge enjoyed by the UK components industry.

The operative word is "ought," since it has turned out to be very difficult indeed to clinch any actual sales in a market where "family type" relations exist between car assemblers (such as Nissan and Toyota) and components manufacturers.

A book* just published by Dodwell Marketing Consultants explains for the first time how these *family relationships work* and why they are so different from the relatively open nature of those between, for example, UK car assemblers and parts manufacturers.

The book could serve as a valuable guide for exporters who are determined to penetrate the labyrinth of the Japanese components market—or conceivablyy as a reason for deciding not to try to penetrate it at all.

Dodwell's basic point is that, whereas in the west motor components makers grew alongside but independently of motor manufacturers, in Japan the assemblers took the lead in fostering the growth of a strong components industry.

The result, is that most of the major motor manufacturers are surrounded by groups of component makers (more than 30 in the case of Toyota and Nissan) who sell mainly if not exclusively to their manufacturing "principal."

Dodwell says that Toyota established most of the com*ponents makers who now form* the Toyota "group," whereas Nissan has tended to attract existing companies into its orbit.

Most of the companies in both groups are associates rather than subordinates of the principals (ie, percentage shareholdings are generally less than 50 per cent). Financial ties, however, are likely to extend well beyond equity participation, and marketing relationships are normally fairly exclusive.

It is not impossible to find a components maker which sells to Toyota and Nissan but it seems to be rare, judging by Dodwell's "customer survey" *of the industry.*

Toyota and Nissan are not the only two Japanese motor manufacturers who have formed "families" of components makers. To some extent all of Japan's motor assemblers have done the same thing, but with different degrees of intensity or enthusiasm.

The basis for close family relations between motor assemblers and parts makers is not simply traditional sales ties or the provision of finance by the former to the latter.

Led by Toyota, most of the Japanese assemblers have placed heavy stress on cutting costs by reducing the *quantity of stocks* held within their plants to an absolute minimum.

The complexity and closeness of relations between assemblers and component makers explains why imports account for only one per cent of the total value of components and accessories used by *the Japanese industry.*

The figure would probably be lower still had not several western countries, including the U.K., begun active components sales campaigns in the past few years, in some cases using political pressure to back up straightforward sales promotion efforts.

Opinions differ within the Japanese motor industry on whether foreign components may eventually account for up to 10 per cent of the total value of Japanese cars, or whether a limit is likely to be reached at about 2 to 3 per cent.

A point on which opinions do *not* differ is that much may depend on how fast the motor industry "goes electronic." About 7 per cent by value of the contents of Japanese cars consisted of electronic parts in 1978, but the trend is towards micro-computerisation of many functions that used to be performed mechanically.

Foreign manufacturers who can equal or exceed Japanese progress in computerisation should be asured of markets—or at least of offers to buy their technology.

*"The structure of the Japanese motor components industry, by Dodwell Marketing Consultants. Price 65,000 yen (£135).

TOKYO — Mr. Edward Heath, former British Prime Minister, said yesterday progress was urgently needed to rectify the trade imbalance between Japan and the European Economic Community. He said that a genuine problem existed over the community's chronic trade deficit with Japan, which last year totalled some $6.5bn. In a lecture to the Ishizaka Foundation, he said that there was a tendency for Japan to underestimate the significance of the Community... in ...world ...affairs because of its historic links with the U.S.

Reuter

Brussels proposes tough product liability rules

BY MARGARET VAN HATTEM IN BRUSSELS

EUROPEAN manufacturers will be liable for damages caused by defective products whether or not the defects are caused by their negligence, under proposed new Common Market rules on product liability.

The proposals, announced yesterday by the EEC Commission, would make a "producer" totally responsible for his products up to 10 years after the year they go on sale, and would require him to prove that his product was not defective, rather than leaving it to the consumer to prove that it was. Should he lose his case, the producer would be liable for damages up to 25m units of account.

If a producer could not be identified, the supplier would become responsible unless he disclosed the identity of the company who supplied him with the defective product. And in the case of imported goods, the importer would become liable.

The proposals represent a defeat for both industry and the European Parliament, which had sought to shift some of the burden of proof back on to the consumer. A crucial amendment to the Commission's original proposals introduced by the Parliament would have exempted manufacturers who could prove that, in the light of scientific development at the time they put defective goods on the market, they had no way of discovering the defect.

Viscount Etienne Davignon, the Industry Commissioner, supported the Parliament in pressing for *this amendment,* but the other Commissioners sided with Mr. Richard Burke, the Consumer Affairs Commissioner, who rejected the amendment. He claimed it would shift the burden of proof back on to the consumer who would be less able to afford court proceedings, and would encourage manufacturers not to reveal publicly results of their research.

However, other amendments proposed by the Parliament, including an exemption for farm products and handicrafts, were adopted by the Commission.

The proposals have been passed on to member governments and will ultimately be debated in the Council of Ministers. But this could take a year or more and it is widely expected that the proposals will be *substantially* watered down before the Council approves them.

Peking offices for Japanese

BY OUR FAR EAST EDITOR IN TOKYO

AFTER a long delay China has agreed to allow Japanese companies to open representative offices in Peking in return for the granting of similar facilities in Tokyo to Chinece state trading corporations.

About 50 Japanese companies *will be allowed to station* executives in the Chinese capital for one-year periods (instead of on three-month visas as has been the case up to now). The companies will be allowed to describe their Peking presence as "representative offices" even though the men concorned will be operating out of hotel rooms and will not be *permitted to* employ Chinese staff to assist them.

A severe shortage of office space and of qualified office workers is said to be the reason for these restrictions.

About 80-100 Japanese companies are said to have been attempting to get permission to open Peking offices. The Chinese are expected to choose "friendly companies from this list and to pass over others which are regarded as being less well disposed towards the People's Republic.

Each company will probably be granted visas for two executives, making a permanent Japanese busness Presence in Peking of about 100. Chosen companies will include the major trading houses and the big steel producers.

Banks will not be on the list since the Japanese Ministry of Finance and the Bank of China are conducting separate negotia*tions on a reciprocal exchange* of bank branches.

Most of the bigger Japanese trading companies are already represented in China on a *de facto* basis which involves the continual rotation of executives on short-term visas. One major concern currently has eight short-stay visitors in Peking and other major cities.

Japanese trading companies have been trying for some years to convince the Chinese that their networks of overseas branches could be used to help promote the sale of Chinese products to third countries.

This suggestion was "roughly rejected" when first made two years ago, according to one trading company executive. In August, however, a senior Chinese official asked for help in the promotion of Chinese exports from a 14-member trading company mission headed by the president of Sumitomo

Japanese companies will not be the first to obtain permission from China for the opening of Peking representative offices, even though the numbers involved may exceed anything that has happened up to now. The British trading concern, Jardine Matheson and Co., opened a Peking office early this year with a permanent staff of three.

Holland in contract to buy Polish steam coal

BY CHRISTOPHER BOBINSKI IN WARSAW

A CONTRACT for the annual supply of 600,000 tonnes of Polish steam coal to the Netherlands in the years 1980-1990 was signed yesterday in the presence of the Dutch Prime Minister, Mr. Andreas Van Agt who is on an official visit here.

The contract, worth around $24m a year at current prices, was signed between Steenkolen Scheepvaartmij (SSM) of Rotterdam and the Polish coal trading company Weglokoks.

The amount involved is equivalent to about 15 per cent of Dutch steam coal consumption and the coal will be used to fire two power stations which are yet to be built.

The deal is accompanied by a commercial loan worth $60m for the development of the Polish coal industry which is being provided by Dutch banks including the ABN bank of Amsterdam and it is guaranteed *by the Dutch Government.*

The financing is to be available on the first of next month and is to be repaid over the 1979 to 1984 period.

In 1976 SSM contracted to take 750,000 tonnes of coking coal imports from Poland a year for a period of 10 years. Last year Polish exports to Holland were worth $131.6m while imports stood at $333.2m.

EEC ships plan approved

BRUSSELS — The European Commission announced yesterday that it has approved a "scrap-and-build" programme to rescue the EEC's ailing shipbuilding industry.

The cost of the plan is estimated at $400m for two years. Its general aim is the demolitio of old ships totalling about 2m tons and the construction of new ships amounting to about 1m tons.

The plan is aimed at saving from 50,000 to 80,000 tons in shipyards and other industries. It would raise the Community's shipbuilding output from a projected 2.4m tons in 1981 to 3.4m tons.

The project will now be sent to governments of the member states and the European Parliament for "extensive debate."

● Italy is being flooded by steel imports from other EEC members and from countries outside the Common Market, the Italian steel industry association, Associazione Industrie Siderurgiche Italiane, (ASSIDER) said.

Imports in the first half of *this* year averaged 560,000 tonnes a month, exceeding the high levels of 1976 and 1977 when imports averaged 540,000 tonnes per month.

The pressure of imports on the Italian market remains heavy, with a sharp increase in August in steel imports from socialist countries, ASSIDER added.

Agencies

Malta curbs imports of French cars

By Godfrey Grima in Valetta

MALTA HAS stopped the importing of French cars in what appears to be a hardening trade exchange dispute with France. A shipment of cars which has *already arrived on the island* has not been allowed to leave customs, while Government officials are refusing to indicate whether the ban is permanent or not. The Government has also announced that goods imported from France in future must be covered by a Trade Ministry licence.

The Maltese measures follow French restrictions on Maltese wine imports. Malta apparently started exporting wines to France this year which explains why no figures are yet available.

On the other hand Malta imports about 500 cars a year from France at a cost of roughly 100,000 Malta pounds (£125,000).

In a bid to maintain a healthy balance of payments, Malta is taking a hard look at its imports bill. Other than taking over the importation of 14 essential commodities, the island's Ministry of Trade is restricting the importation of various goods.

In a statement issued yesterday the island's Chamber of Pharmacists complained that restrictions on the importation of certain medicines, shampoos and toothpastes was creating shortages. Last year the island imported close to £M300,000 *worth of toothpaste and shampoos,* mainly from Britain.

● NEWS ANALYSIS—BY HAZEL DUFFY

Bearings battle resumes

AN ANTI-DUMPING investigation against Japan by the European Commission is a very sensitive matter, particularly when it has been told by the European Court that its treatment was too severe on a previous case.

Armed with greater powers, which were granted under regulations that came into force at the beginning of August, the Commission has announced that it is opening a new inquiry into Japanese exports of bearings to the EEC. Imports of bearings from three Comecon countries—the Soviet Union, Poland and Romania—are also to be investigated this time.

This investigation comes three years after the last. During that time, the Japanese share of the EEC market in smaller (up to 160 mm diameter) bearings has fallen from 22 per cent to 13 per cent. Most of the major manufacturers have also had some success in getting their prices up over the past year from the very low levels with which they had been stuck.

But FEBMA (the federation of trade associations) rejects any suggestion that the matter might be better left alone at the moment. From evidence collected from the manufacturers, it believes that the Japanese are selling these bearings at anything from 15 to 65 per cent below the level on the domestic market.

In the supply of bearings to particular sectors, FEBMA maintains that the Japanese continue to have a very damaging effect. More generally, the feeling *persists that the bearings indus*try is one that the Japanese set their sights on in the 1960s, and that if any relaxation in the battle against their pricing policy is allowed, they will resume their bid to increase market share.

The bearings industry offers a huge variation of type and size on the standard bearing. It is a highly capital intensive industry and the argument is that the Japanese, and increasingly the three Comecon countries as well, are eating into their standard products which form the "base load" of the industry.

Indeed, in the very small, high-volume ball bearings range, the Japanese may well already have a dominant position in the EEC. Furthermore, the argument goes, the pricing of the standard products tends to set the pricing for the rest of the range that manufacturers must offer if they are to stay in business.

In an industry which has shown little or no growth since 1974, most of the large companies which dominate the EEC have been forced to undergo rationalisation and the Japanese industry has also contracted.

In this highly developed international industry, individual companies have become increasingly disinclined to shout too loud about Japanese pricing. But it has always emphasised that it is not seeking protection, only fair competition.

The East European threat, meanwhile, has been growing. From an import penetration into the EEC of 3.7 per cent in 1974, the Soviet Union, Poland and Romania now have a 6.3 per cent share of the smaller (up to 160 mm) ball bearings market. They have been particularly successful in France, where they had 8.3 per cent of the market in 1978.

Ball and roller bearings are classically described as being used in everything that moves and flies. Quite apart from its industrial importance—the UK market, for instance, is valued at over £200m—they have a strategic consideration as well, a point which the European Commission has obviously borne in mind in going ahead with the investigation.

اهكذا ننا الدور

THE EXECUTIVE SALOON FOR THE MAN WITH DRIVING AMBITION.

If you're a man of driving ambition, we present the perfect solution: the Lancia Gamma Berlina.

A test drive will prove to you or your chauffeur that it is the car capable of satisfying the driving instinct in the most demanding of motorists.

Beneath the bonnet is a powerful 2.5 litre engine which combines with a five speed gearbox to give impressive acceleration, leading to a top speed of over 120mph. While power assisted steering helps the Gamma Berlina handle like a car half its size.

The interior is extraordinarily roomy. Thick carpet is fitted door to door. And the seats, complete with adjustable headrests, are contoured, thickly padded and covered in an elegant cloth fabric.

Naturally there are some impressive executive touches. Like electrically operated windows, a driver's seat that adjusts for both height and tilt, and an adjustable steering column.

Naturally too, there's the renowned Lancia front wheel drive for rocksteady handling and road-holding, and dual system brakes for exceptional stopping power.

You might think that such a well-engineered, well equipped car would, like some of its lesser rivals, carry a wickedly high price tag. On the contrary, the Gamma Berlina offers you luxury you can afford. (You might tell your financial director, too, that the new 12,000 mile servicing intervals practically halve the servicing costs.)

You, or your chauffeur, can test drive the Gamma Berlina at your Lancia dealer. At the same time, ask him about our special leasing schemes. Or if you are eligible to purchase a Lancia free of taxes, contact our Export Department.

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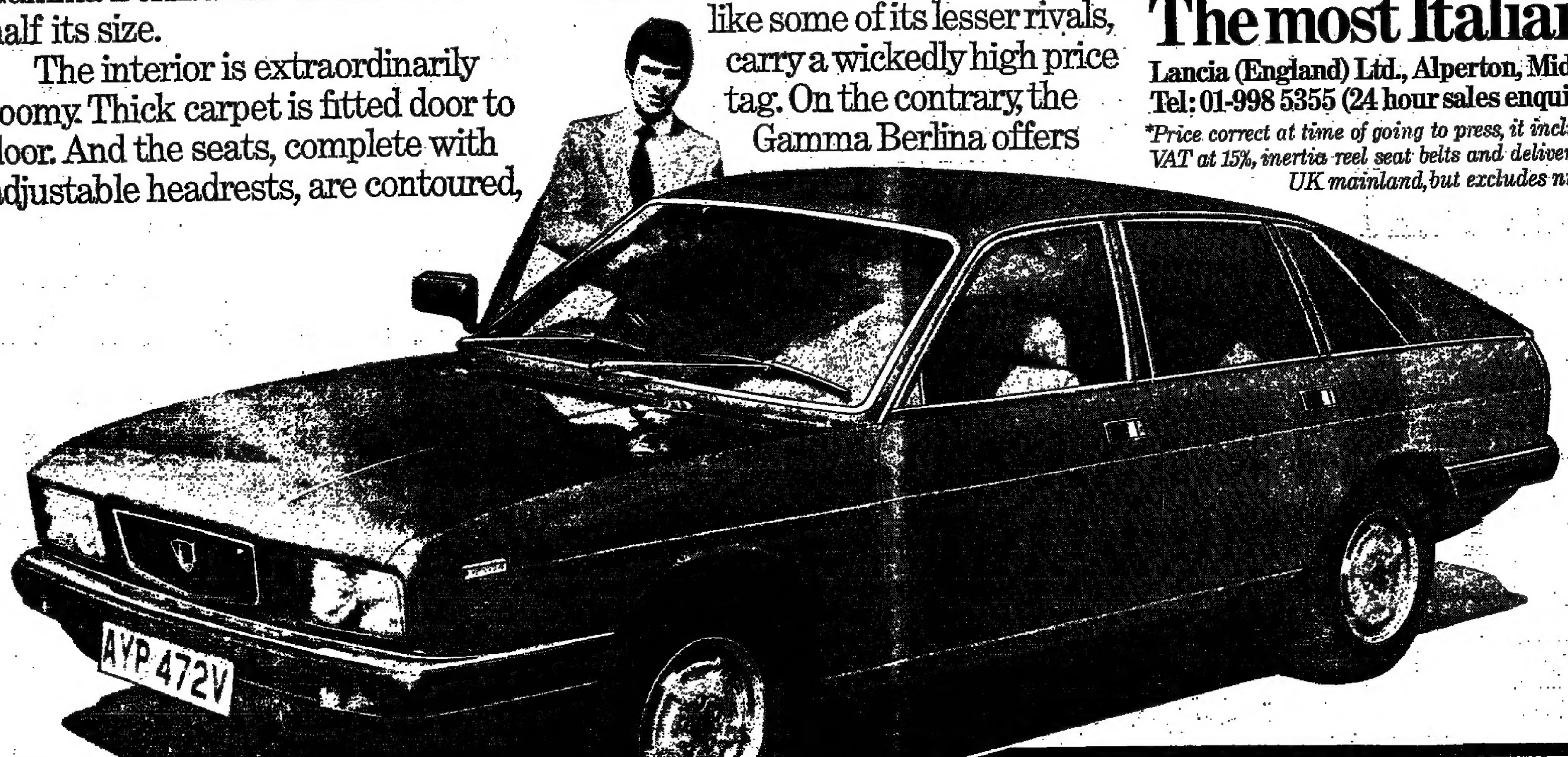
**Price correct at time of going to press, it includes car tax, VAT at 15%, inertia reel seat belts and delivery charges on UK mainland, but excludes number plates.*



The Lancia Gamma Berlina. £7,949.66*

Councils told: No more cash

BY PAUL TAYLOR

MR. MICHAEL HESELTINE, the Environment Secretary, said yesterday there would be "no more cash" to finance continuing increases in local authority expenditure.

In a tough speech to council leaders at the Joint Local Government Associations Biennial Conference in Scarborough, Mr. Heseltine said he would be asking local authorities to produce quarterly manpower figures.

Despite continuing warnings from some local authorities about the effects of planned spending cuts next year, Mr. Heseltine's tone, when referring to the Government's public expenditure plans, was uncompromising.

The Government had set spending targets for 1980-81 and targets for 1981 onwards would be announced shortly. Mr. Heseltine said the Government did not intend to exceed them.

Rejecting suggestions, including those from the metropolitan authorities, that planned spending cuts could result in a drastic pruning of services—or rate increases of over 25 per cent—Mr. Heseltine said these rumours represented a "well orchestrated and possibly exaggerated protest."

Although the Government has asked local authorities to reduce local government White Paper expenditure figures for 1980-81 by 5 per cent, Mr. Heseltine said that, following spending cuts of 3 per cent this year, the planned cuts in 1980-81 represented only a further 1 per cent reduction in actual spending.

"However you represent that, you cannot add it up to more than 4 per cent over two years," he said.

Mr. Heseltine said he would like to reform the system for controlling capital expenditure, to make it more effective while giving local authorities more freedom to determine their own priorities with cash limits.

The key to overall local government expenditure is, however, now seen by the Government to be control of manpower levels.

Mr. Heseltine said the latest unpublished manpower figures showed that staffing levels had increased by 2 per cent between June 1978 and June 1979. Because of this continuing upward drift, he would be asking local authorities to publish quarterly manpower figures on a uniform basis for all individual authorities.

The Government is also to complete a revew within six months of all local authority statutory functions. This could lead to a reduction in the services local authorities are required to provide by central government.

Mr. Roy Hattersley, the Shadow Environment spokesman, immediately condemned the "bland figures" used by Mr. Heseltine and predicted that average rate increases in urban areas would be over 30 per cent next year.

Mr. Hattersley told Labour council leaders that he would back them if they chose to ignore Mr. Heseltine's demands for expenditure cuts. He said it was up to individual local authorities to decide whether to cut services or to increase rates.

Mr. Hattersley promised that the Labour Party would fight any attacks on local autonomy and would oppose the planned Local Government Bill, due to be published this autumn.

Westminster may allow advertising on parking meters

By Maurice Samuelson

WESTMINSTER CITY Council yesterday became the first authority in Britain to agree in principle to allow advertising on parking meters.

It is considering a plan which could eventually raise £50,000 over three years from about a third of the 10,000 meters under its control. This is small compared with the £17.4m fed into its meters since they were first installed 21 years ago. But the council said that in present economic conditions, the extra revenue was "not to be sneezed at."

The idea has been approved in principle by the council's highways and works committee and it will go out to tender once it is approved by the council's engineers.

The Westminster decision will be watched closely by the advertising industry. But there was some confusion yesterday over who would have the final say.

The Greater London Council, which gives boroughs guidelines on metr charges and locations, said it regarded the Government as the "overlord." The GLC had always opposed using meters for advertising on the grounds that there was enough to read on them already.

Surprise

The Transport Department, however, refused to be drawn into the dispute and said the decision was entirely up to the local borough. Unless the department received representations from a responsible body, such as the GLC, "we'd just let them get on with it."

There was surprise, too, at the Halifax headquarters of Fisher Karpark, a leading supplier of meters in the UK and overseas. "We were under the impression that there is legislation preventing advertising here, although it is done on meters in Holland and France," it said.

Westminster, which introduced Britain's first parking meters, has discussed putting advertisements on them since 1967, but has always rejected the idea on principle. Some schemes were turned down because they involved putting plaques or hoods on the meters.

Its agreement in principle is for the use of plastic stickers on the space—measuring about 2½ inches by 4 inches—under the instruction plate.

● In the whole of Greater London there are 38,500 meters; Birmingham and Edinburgh have more than 3,000 each; Glasgow, Manchester and Leeds about 2,000; Liverpool and Bristol about 1,000.

British Shipbuilders' work criticised by Poles

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has been accused of "negligence, bad workmanship" and late delivery of the ships in its controversial £115m order for Poland.

The charges are made in a Polish newspaper, which circulates in the region where the customer, Polish Steamship is based.

The report, headed "Disillusioned," sais that the 22 yessels are months behind schedule and that poor equipment performance has led to "two thick files" of correspondence with the Govan shipyard, which is building most of the order.

It quotes a Polish sea captain, who recently took delivery of one of the Govan ships. He says that by the end of the ship's third voyage, 27 major repairs were needed.

British Shipbuilders appeared surprised yesterday at the Polish Press onslaught, although its acknowledges that several of the ships will be delivered after the original December 31 deadline.

It said that all five ships so far delivered had been "to contract," although "force majeur" claims had caused slippage on the original dates. Several claims of force majeur—this refers to the system under which a main contractor is compensated for delays caused by a subcontractor—related to late delivery of Polish equipment.

There had been no problems with quality, the corporation maintained, and all vessels had met stringent Polish classification standards.

This latest outbreak of trouble over the Polish order is of most interest in assessing whether British Shipbuilders will have to make heavy penalty payments for late delivery.

The contract has already cost the Government many millions of pounds, although the precise bill is not yet known.

Last-minute wrangles between shipowners and shipbuilders about who is to meet the cost of late delivery are common, but this dispute has an extra dimension in that the ships are to be owned by a joint venture company in which British Shipbuilders has a 50 per cent stake.

British Shipbuilders said lateness in delivery had been caused by a wide variety of small problems inside and outside the business. Recent industrial action over the corporation's restructuring plan had caused little delay and the current engineering dispute was not affecting shipyards, it said.

About 10 per cent of the equipment for the 22 ships is being supplied from Poland. The biggest recent problem has been propellers, which are having to be re-machined.

Campaign to compel Channel ships to carry expert pilots

BY JAMES McDONALD

SHIPS USING the English Channel could be forced to carry expert pilots if a campaign by English and French pilots is successful.

The national pilotage associations of the two countries will today hold the first meeting of the Franco-British Maritime Pilots Liaison Committee, whose object is to improve safety in the Channel.

Recommendations will eventually be put to the Royal Commission on the Prevention of Pollution.

Many ships going through the Channel without pilots were not particularly up to the mark. Pilots would help to ensure that ships kept to the traffic separation lanes.

The Government has resisted previous calls for compulsory pilotage in the Channel on the grounds that it would not be cost effective or make a significant impact on the safety problem.

The pilotage committee also intends to look at changes in navigational technology and in ship-to-shore communication systems.

● The International Union of Marine Insurance annual conference in Edinburgh was told yesterday that the world shipping industry is still reluctant to admit that safety lessons can be learned fro mair traffic control systems.

But although there is no accepted standard in traffic separation systems, progress on safety is being made on the technological front. For example, a new development in radar allows for the automatic disclosure of a ship's identity to any interrogator using the appropriate frequency. Simply by interrogation by the radar echo selected, the ship or a traffic officer can be provided automatically with the call sign, position and heading of another vessel, the conference was told.

Shore attacks West over monetarism

THE MONETARIST policies of Western governments are "a social evil which will put all our socieities, advanced and developing alike, under intense strain," according to Mr. Peter Shore, Shadow Foreign Secretary.

Mr. Shore, who was giving a lecture last night in Pennsylvania, U.S., said that with high unemployment and reduced world growth, these policies would lead to "beggar-my-neighbour economic policies, to antagonism between trading nations of the most dangerous kind and to a still more perilous north-south rift between the developed and developing countries."

He said socialists had been feeble in defending the alternative Keynesian policy of increasing demand.

Government withdraws backing for energy-saving centres

BY PETER O'CONNELL

THE DEPARTMENT of Energy, which yesterday launched a fuel-conservation campaign, is to withdraw its support from a £500,000-a-year scheme designed to save household energy consumption.

Mr. John Moore, Under-Secretary of State responsible for energy conservation, told the National Association of Building Centres that, because of public spending cuts, the Government could no longer finance 14 home energy-saving centres the association was to have set up.

At the same time, Prince Philip, sponsor of the UK conservation programme, announced the Government's contribution to an international conservation month being run by 20 members of the International Energy Agency.

He said: "The month will be worthwhile if it can encourage goverments and both industrial and private consumers not to waste what's left and to face the inevitable consequences of the increasing cost of oil and gas as supplies of these forms of energy begin to run out."

The Department of Energy said it had planned nearly 100 events to "provide an international focus for national efforts to stimulate greater public awareness of the continuing and long-term need for energy conservation."

Although October has been designated conservation month, the events begin now and continued until late November.

While the Department was outlining the local conferences, exhibitions and competitions, the association learned that its energy-saving advice centres—the first two of which were due to open in London and Liverpool next month—were in jeopardy.

Mr. Lloyd McLean, association chairman, met Mr. Moore yesterday in an attempt to produce a compromise.

Mr. McLean said: "We put a lot of time and effort into planning the new centres but it was clear the Government in no way was going to finance them. It's very odd that it does this on the eve of conservation month."

The energy-saving advice centres were to help consumers on loft insulation and other conservation measures following an agreement last year between the association and Mr. Anthony Wedgwood Benn, the Energy Secretary.

The Government had a six-month contract, costing £75,000, to pay four technical staff and two clerks in the two centres. They started work in July compiling information.

The centres were to be the forerunners of 12 more throughout Britain, costing £500,000 a year.

'No changes needed' for nuclear safety

BY DAVID FISHLOCK, SCIENCE EDITOR

A SAFETY review of the UK Atomic Energy Authority's nuclear reactors in the light of the U.S. accident on Three Mile Island last March showed that no significant changes in operation needed to be made, the authority said yesterday.

Sir John Hill, its chairman, complimented the U.S. Government's regulatory authorities for their "openness" in disclosing their findings from the accident.

As a result, Britain already knew the main lessons to be learned from the accident, he said. One was that each new nuclear design had to be studied very carefully — not only to ensure that the operator had all the information he needed for normal conditions, but also that he had all he needed for "upset conditions."

Sir John was presenting the UK AEA's annual report at a Press conference in London.

He warned of the cost of demanding standards of safety from the nuclear industry greatly in excess of those of other British industries. Already the public was paying for standards 10 times as high as in other industries, he said.

The UK authority spent £150m on research and development in nuclear systems in 1978-79, of which about £52m was for work on the fast breeder type of reactor. It earned an income of £25.3m from research contracts for non-nuclear work from other organisations. In addition, the Energy Technology Support Unit of the Department of Energy, based at its Harwell laboratory, is managing non-nuclear energy projects totalling £13.3m.

● A public exhibition of nuclear power was opened in London yesterday, at Central Hall, Westminster, by Sir Jack Rampton, permanent secretary to the Department of Energy. He said that for Britain to believe that it could manage without a sizeable contribution from nuclear energy was "very high risk thinking."

The exhibition, sponsored by the British nuclear power industry, is open to the public until October 4.

Transport police 'losing fight'

Financial Times Reporter

BRITISH Transport Police said yesterday that it has only 1,864 men to patrol the country's railways and docks and the London underground, while vandalism has reached unprecedented proportions.

Although recruiting is said to be improving slightly, the force is still 450 short of establishment.

The figures were given after Mr. Eric Haslam, chief constable of the transport police, had said his force was "losing the fight" against hooligans who placed obstacles on the track or threw missiles at passing trains.

In the last issue of the British Rail house magazine, Rail News, he wrote "the most that can be done is to contain the situation and hope for some improvement as a result of an educational approach to young offenders who are mainly responsible for railway vandalism."

Mr. Basil Nichols, assistant chief constable in charge of operations, said his men were patrolling trouble spots in lone locomotives in radio contact with squad cars on nearby roads. Many offenders were children, often seven or eight year old.

British Rail said its total security bill was £5m, of which £2m went on manpower and investigation.

Private sector pushes up building orders

BY MICHAEL CASSELL

NEW ORDERS for construction work placed during July were worth £936m at current prices, a 2 per cent increase on June figures, according to the Department of the Environment.

Orders, when expressed in constant prices, rose by 11 per cent during the three months to the end of July—4 per cent higher than the same period last year.

The DOE says the value of new public sector housing work taken on between May and the end of July fell by 8 per cent from the preceding quarter—and by 29 per cent from last year. Private housing contracts were 52 per cent higher in value than the previous quarter and 10 per cent up on May-July, 1978.

The value of public works contracts in the three-month period was 13 per cent down on the previous quarter but 4 per cent up on May-July last year. Orders for private industrial construction work were 27 per cent up on February to April and 22 per cent better than a year ago.

Private commercial contracts placed with construction companies were 21 per cent higher than in the previous quarter and 12 per cent up on the same period last year.

Benefit increases for the lower paid

BY ANDREW TAYLOR

INCREASES IN rent rebates, rent allowances and rate rebates are to be introduced in November, with extra benefits for those at work.

Mr. John Stanley, Minister for Housing and Construction announced the increases yesterday.

He said that because of inadequate increases in 1977 and last year the average rent rebate or allowance for those in work had fallen by about 20 per cent compared with 1972 values. A similar fall had occurred for rate rebates.

This had produced a disincentive for the low paid to remain in work. The Government proposed to restore the value of rebates and allowances for those in work to 1972 levels.

The extent of allowances or rebates depends on family size, income and expenditure on rates and rents and is calculated against a notional needs allowance for each family size.

However, from November the first £5 of earned income will be ignored when calculating rebates and allowances.

This will provide an extra benefit for working people on low incomes. The policy is in line with the Government's concern about people within the so-called "poverty trap" who find themselves worse off by remaining at work.

The increases mean that a worker with two children, earning £60 and paying a rent of £6.50 a week and rates of £2 will receive housing benefits of £7.07 a week compared with the £3.47 he currently receives and the £5.42 he would get if unemployed.

Rent rebates and allowances and rate rebates can be claimed by people in both private and public accommodation — except those receiving social security benefits. The scheme is administered by local authorities although the bulk of funds are provided by central government.

There has been concern that a number of people eligible for housing benefits have not been claiming them. Last year only 55 per cent of people in private accommodation thought to be eligible for rent rebates and allowances actually claimed. In the public sector the take-up was 80 per cent.

About 2.7m people are thought to be eligible for housing benefits and the Government estimates the extra cost of providing the latest increases to be £62m in the current financial year.

It is not expected that the £685m set aside for rent rebates, allowances and rate rebates will need to be increased.

Plastic goods makers forecast sales increase

BY SUE CAMERON

UK PLASTICS goods manufacturers are confident of a steady increase in sales during the second half of this year, and they are backing this with substantial investment, according to a report by the British Plastics Federation.

The report, published yesterday, was based on a survey of 125 companies including machinery manufacturers and raw material suppliers as well as plastics processors. A total of 53 per cent of the companies expected an improvement in sales during the second half of 1979 and 56 per cent forecast an increase in turnover in the first six months of next year.

The majority of the companies surveyed—63 per cent—were plastics processors and 90 per cent of these said they were undertaking capital spending in the second half of this year. It was found that 55 per cent of them were investing in increased capacity.

The survey found that suppliers of polymers—plastics raw materials—were the least optimistic of those questioned. Since the beginning of this year raw material prices have risen sharply in line with increased oil prices but it was found that 70 per cent of plastics processors believed they would be able to cover their higher costs.

Unit trusts fare better in August

UNIT TRUSTS fared slightly better in August than during the previous summer months, but the overall picture is still unexciting.

Figures released yesterday by the Unit Trust Association showed that August repurchases (units cashed in by investors) were down from £25.6m in July to £21.5m, with sales a little better at £31m (£29m). Net sales last month amounted to £9.4m, compared with £3.8m in July and £9.1m in August last year.

Unit trusts have been through a lean period this year with net new investment at its lowest point for some time.

Mr. Edgar Palamountain, a former chairman of the Unit Trust Association and chairman of the M and G Group, said the latest figures were unexciting.

"The fall-off in repurcases, however, gives some ground for supposing that what we said earlier in the year about people cashing in units in advance of the VAT increase was right."

Mr. Palamountain warned that the level of net sales would equity market picked up.

Banks link for pension fund venture

THE CO-OPERATIVE Bank and S.G. Warburg, a leading firm of merchant bankers, have combined to launch an investment management service for pension funds called the Co-operative Investment Management.

The immediate aim of the venture is to provide professional investment management for the pension funds run by the retail co-operative societies and by trade unions. But the service is available to

The services are being divided any pension scheme. within the new company. The Co-operative Bank will be responsible for fixed-interest investment and Warburg for equity investment—both UK and overseas—and property investment. But the advice to funds on the split of assets between fixed-interest and equities will be given jointly.

The Co-operative Bank will in almost all cases introduce the service to societies and trade unions, since invariably it provides the banking services.

Civil servants' oil payment 'a serious error'

BY RAY DAFTER, ENERGY CORRESPONDENT

SIR JACK RAMPTON, permanent secretary at the Department of Energy, told Offshore Supplies Office staff that civil servants who authorised wrongful payment of over £52m to North Sea oil companies made "a serious error of judgment."

However, he accepted that while the decisions were taken without proper authority, and outside specified guidelines, they were generally in line with the Government's intention to give British industry a full and fair opportunity to establish itself in the North Sea.

The payments were made under an interest-relief grant scheme designed to help British suppliers win North Sea orders against competition from other countries which benefited from their own export credits schemes.

In a letter to staff, Sir Jack said most wrongful payments arose because civil servants allowed applications to qualify outside the time limit originally included in the guidelines.

This time limit was subsequently extended on the grounds that it was unreasonably tight. Sir Jack said in these circumstances he could not see how the sweeping accusations about "waste of public money" and "losses" could be made.

Both the Commons public accounts committee and the Department are investigating the administration of the scheme, which is to be wound up this year. The EEC has complained it discriminates in favour of British industry.

Sir Jack, who apologised to the committee for giving wrong information about Departmental reprimands, told staff that while they must learn lessons from the incident they would be fully supported by the Department.

He added that it was to be "deplored" that public judgments had been made prior to early evidence before the public accounts committee being published and the committee's findings reported.

A total of £150m to £160m in aid is expected to be granted to oil operators to help offset interest charges on UK bought equipment and services.

At least £52m—and perhaps more than £100m—of this total has been wrongly authorised.

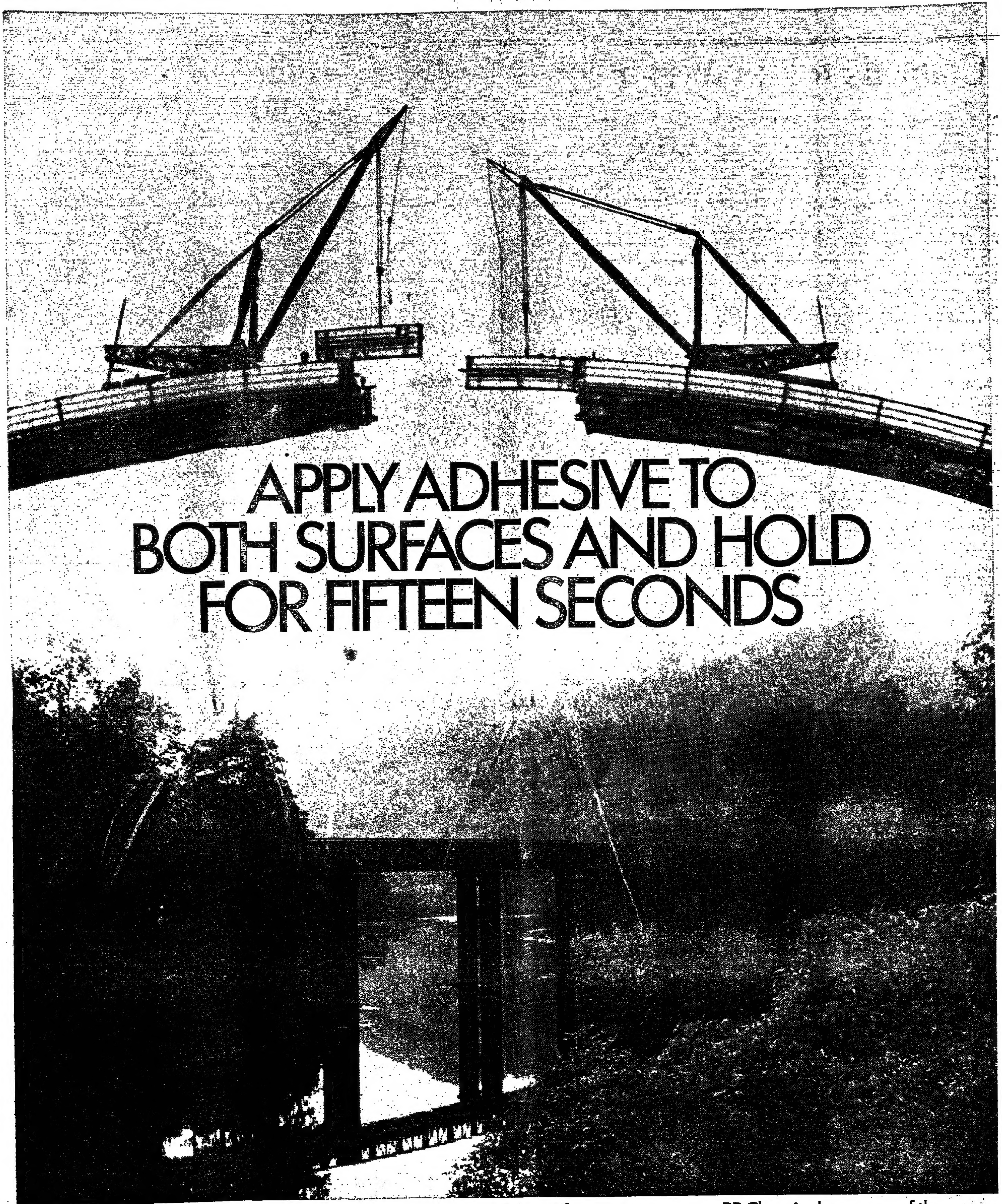
It was pointed out within the offshore industry yesterday that if the grants had not been authorised, British industry might well have lost orders worth hundreds of millions of pounds.

Partly as a result of the investment relief grant scheme, British industry increased its market share in the North Sea's UK sector from 40 per cent in 1974 to 66 per cent (worth £1,037m) in 1978.

Compensation for savers

COMPENSATION worth some £2.25m is now being paid to 750,000 people whose National Savings payments were delayed as a result of industrial action earlier this year.

Payments of more than 50p will be made automatically in respect of all services, except the National Savings Bank Account. Claims are required for smaller sums although the Department hopes that not too many will be made, because of the high administrative cost. The compensation has been calculated at 17 per cent and will be free of tax.



Replacing rivets and bolts with a super glue may seem a little far-fetched. At the moment. But already adhesives are moving into direct competition with traditional methods of joining materials, even in aircraft and car production. Larger structures could be next.

In this revolution BP Chemicals are playing a backroom, but significant part. Adhesives depend on solvents and, using our own basic feedstocks, we produce one of the widest ranges of solvents in Europe and ensure that they are available when and where they are wanted. Without these vital, versatile products many industries wouldn't be able to produce many of the things the modern world needs– pharmaceuticals, toiletries, paints, detergents, printing inks, brake fluids, to name but a few. Including adhesives.

BP Chemicals are one of the founders of the European petro-chemicals industry. Our direct access to the raw materials from within the BP Group provides security of supply.

This, together with our continuing investment in resources, service and product range, ensures that we continue to meet the needs of industry today, and the demands of the world tomorrow.

BP chemicals-making it all happen

'More pay for more work' —Howe

By Peter Riddell, Economics Correspondent

MANAGERS SHOULD tell employees that higher wages can be financed only by higher productivity, according to Sir Geoffrey Howe, the Chancellor.

In an interview in the September issue of Director magazine, published today, he says that the Government prefers not to intervene in detail in pay bargaining.

Managers have a "very substantial responsibility" to spell out to employees" the reality that if their company is not producing more, then the resources are not available to finance higher pay," he says.

"I do not have sole responsibility for resolving the outcome of pay bargaining. What I can do is to regulate the growth of the money supply in total, and to try as hard as I can to spell out to people involved in pay bargaining that higher wages do not grow on trees."

After underlining the primary responsibility of management in this area, he says the central point is that "there is a link between output, improvement in performance and the right to higher pay."

This is likely to be an increasing theme of ministerial statements during the next few months, in particular the series of major speeches planned by Sir Geoffrey.

In the interview, Sir Geoffrey hints at the possibility of a further reduction in the burden of income tax for the higher paid. He says there is already indexation of the thresholds for the basic rate of tax (increasing them annually in line with inflation) and "if we were sure that we had reached the final structure for the higher rates, then clearly there would be a strong case for indexation of those as well."

Manufacturers cut spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL spending by manufacturing industry has fallen so far this year—in contrast to official expectations of a further rise.

Revised estimates published yesterday by the Department of Industry show that the volume of manufacturing investment between April and June was £930m (at 1975 prices and seasonally adjusted).

This is £35m less than the provisional estimate published last month and is roughly 2 per cent less than the total for the previous three months.

In the first six months of this year the volume of investment fell by 3 per cent compared with the second half of last year and by 2 per cent compared with the same period in 1977. This follows a steady rise between 1976 and 1978.

The Department's intentions inquiry in early June projected a rise in manufacturing investment this year of 2 to 5 per cent over the 1978 levels. The next survey will be published on October 1.

The shortfall may be partly explained by the impact of the winter weather and labour disputes and it is also likely to reflect the impact of the squeeze on profits and liquidity. Most forecasters expect investment to fall next year.

The latest figures show that the coal and petroleum products sector managed to increase its spending by more than a fifth in real terms between the second half of last year and the first six months of this, while the vehicles industry reported a 17 per cent rise.

Three sectors — textiles, leather and clothing; drink and tobacco, and the paper, printing and publishing groups — achieved rises of less than 4 per cent. The remaining industries recorded falls in investment, with the largest declines being 17 per cent for instrument and electrical engineering, 12 per cent for iron and steel and about 3 per cent for chemicals.

The manufacturing figures may be slightly distorted to the extent that companies have increasingly been obtaining capital goods through some form of leasing or rental arrangements rather than by purchase. Goods acquired in this way are classified according to ownership and mainly come under the distributive and services category.

Indeed the growth of leasing may account for part of the continued buoyancy of distributive and service investment. This amounted to £1.29bn (at 1975 prices and seasonally adjusted) in the second quarter. This was £6m more than the provisional estimate and 7¼ per cent more than the outcome in the previous three months.

In the first half of this year investment was 6 per cent higher than a year earlier and 5½ per cent more than in the previous six months. On the latter comparison the financial sector, including leasing, increased its spending by 11 per cent.

The June intentions survey projected a rise in distributive and service investment of between 5 and 7 per cent this year.

Revised estimates show that the level of stocks held by manufacturers, wholesalers and retailers rose by £296m (at 1975 prices and seasonally adjusted) between the end of March and the end of June. This is £30m more than provisionally estimated.

Manufacturing stocks rose by about £75m in the quarter, following a £53m rise in the previous three months.

£31m grant from EEC fund

BY PETER O'CONNELL

THE UK is to receive £31m from the EEC's regional development fund to aid investment and reduce unemployment, it was announced in Brussels yesterday.

The largest slice £13.7m, goes to Northern Ireland — including £7.9m in the form of an interest subsidy on a loan already paid to help towards constructing Kilroot power station in Belfast.

It is the first time that regional aid has been paid in the form of an interest relief grant since the regional fund was set up in 1975.

The money goes to the European Investment Bank, which has loaned several million pounds to the Northern Ireland Electricity Service for the building of the power station, and represents a 3 per cent rebate on the interest repayments on the scheme.

There is also £3.7m to extend the aircraft apron and terminal building at Aldergrove Airport, Belfast.

Most of the £10m for the north of England is for developing 50 industrial sites and tourism, but the Automobile Association Insurance Services in Newcastle-upon-Tyne benefits by £353,000.

The Co-operative Bank, in Skelmersdale, Lancashire, receives £858,000 of the £8m investment grant to the north-west.

A further £595,000 will go to the extension of water treatment works at the Colliford reservoirs in Cornwall. Scotland is to receive £2m for building a bridge at the Gott Bay pier on Tiree, and roads elsewhere.

The Irish Republic will receive £15m from the fund, much of which will be spent on providing microwave radio links for telephones between Dublin and Sligo.

Costing overseas students

By Michael Dixon, Education Correspondent

THE LONDON Conference on Overseas Students says that the UK makes a profit of about £30m from foreigners on courses in universities, polytechnics and technical colleges. But the Government claims that Britain's 86,000 foreign students cost the taxpayer more than £100m a year, because the fees they pay cover only 40 per cent of the average cost of their courses.

Ministers are considering charging the full cost to overseas entrants from next year, apart from those whose poor circumstances justify financial aid.

The London Conference says in a document published yesterday that the Government's figures are calculated by taking the gross cost of a course and dividing it by the total number of students, both British and foreign.

This is an unfair method, the document argues, since up to half of the gross cost would be incurred even if no overseas students attended. The courses would then have to be provided for British students.

A more logical method would be to calculate the cost of providing extra places "on the margin" for the foreign students —which would reduce the Government's gross cost of £153m for the overseas contingent in 1976-77 to only £102m.

The London Conference does not question that many of the foreigners would be both willing and able to pay far higher fees

Birtley to build £18m coal plant

A CONTRACT worth over £18m for the construction of a coal washing plant has been won by Birtley Engineering, a Chesterfield-based company.

The contract is part of the National Coal Board's ten-year, £300m programme of coal preparation plant building and refurbishment. The board expects the programme, which is more than half finished, to be completed by 1985.

The latest plant, at Wooley Colliery, Barnsley, will take two and a-half years to complete.

British Airtours in £3.4m holiday deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRTOURS, the holiday charter subsidiary of British Airways, has signed a £3.4m contract with Olympic Holidays for flights between the UK and Greece next summer.

The airline will use some of the 28 new Boeing 737X short-range jet airliners which are on order. They will be progressively delivered to British Airways from next January, and will replace the Boeing 707s now used.

From 1981, British Airtours will also be using two of the new Lockheed Dash 200 TriStar airliners on its holiday flights. British Airways has just ordered six of these aircraft, which can carry more than 300 passengers—twice as many as British Airtours' current Boeing 707s.

Mr. Gerry Draper, chairman of British Airtours, said yesterday that the airline was entering the 1980s with the most up-to-date charter fleet in the world.

It is a very flexible and competitive fleet, and with it we can match therates of any other airline in the business.

"With both the TriStar 200s and 737Xs, we will be able to withdraw the remaining 707s. As a result, we expect to increase our share of the short-haul charter market and expand the fast-growing long-haul holiday market.

● British Airways is introducing Apex fares on some European flights to Switzerland, Holland and Belgium from November 1. They will be up to 50 per cent cheaper than normal excursion rates, but will be available only on certain flights. Other conditions will also apply.

From London to Basle and Geneva, a return will cost £80.50, 23 per cent less than existing excursion rates. Bookings must be made and paid for one month in advance.

To Amsterdam and Brussels from Heathrow, a return will cost £49.50 on certain daily off-peak services, but no advance bookings will be required.

Flights to Dublin will be reduced to £47 return. But the cheap rate will again be available only on certain flights and certain days, and must be booked and paid for one month in advance. Passengers must include a week-end in their stay.

HOW THE NEW ACT WILL OPERATE

Guidelines on banking supervision

THE BANK OF ENGLAND has today published a Handbook of Banking Supervision detailing how the 1979 Banking Act will be implemented. The Act, marking a major departure with the old tradition of self-regulation in the City, is the first comprehensive banking legislation the UK has had.

The Handbook falls into four parts: a summary of the Act in layman's language; an explanation of the manner of its implementation and the procedure to be followed in making application; the prudential criteria which will be used for on-going supervision purposes; and a list of recognised banks and licensed deposit-takers the last two sections to be published within the next 12 months.

The Banking Act provides a statutory framework for the authorisation and supervision by the Bank of England of all deposit-taking institutions not already subject to separate legislation, such as building societies and savings banks.

The Act provides that it is an offence to take deposits from the public unless authorised to do so by the Bank of England.

Two main forms for deposit-taking authority will be available. Recognition as a bank will be granted to institutions which meet certain criteria relating, in particular, to high reputation and standing in the financial community and the provision of a wide range of banking services, or a highly specialised banking service.

Other institutions which are competently and prudently managed will be licensed and described as licensed deposit-takers. Apart from establishing a two-tier structure in the banking sector, the Act also provides for the creation of a deposit protection scheme to which recognised and licensed institutions will be required to contribute.

'It is not expected that the Bank will regard as fit and proper persons with criminal records, especially in connection with fraud.

One of the most interesting features of the Handbook sections so far published is the insight on how the Bank proposes to judge whether an institution has "a high reputation and standing," is providing "a wide range of banking services" and is carrying on its business "with integrity and prudence and with appropriate professional skills."

The following are some of the relevant extracts:

(I) High reputation and standing in the financial community

To qualify as a recognised bank, an institution must posess a high reputation and standing in the financial community. The financial community will be taken by the Bank, in interpreting this criterion, to embrace primarily the UK financial (and particularly banking) community but, where appropriate, reputation and standing in the international financial (and particularly banking) community will also be taken into account.

The Bank will be primarily concerned with the institution's reputation and standing as a provider of the banking services listed in paragraph 2 of Schedule 2 of the Act.

In forming its judgment about the reputation and standing of an applicant, the Bank may have regard to market opinion and take soundings among other institutions as appropriate. Other indications which may be relevant include:

- the individual standing in the financial community of members of the applicant's management;
- the range and quality of its customers and counter-parties (in particular its banking counter-parties); and
- the range and quality of its correspondent relationships.

In certain circumstances the Bank may wish to take into account that certain relationships which might have been expected to exist do not, in fact, do so.

The requirement that high reputation and standing must in general have been enjoyed for a reasonable period of time reflects the need for an institution's reputation and standing to be demonstrably secure before recognition is granted.

While it is impossible to specify a precise period in this context, it would normally be expected that an institution should have enjoyed appropriate reputation and standing for a period prior to the granting of recognition measured in years rather than months.

Paragraph 1(2) of Schedule 2 provides that the Bank need not, however, delay recognition of a new or recently established deposit-taking business where control rests with one or more [illegible] banks and/or other [illegible] be expected to be overseas banks not themselves carrying on a deposit-taking business in the UK).

This provision would be relevant to subsidiaries of such institutions and to consortium banks which meet all the other criteria for recognition but have not had time to establish appropriate reputation and standing in their own right.

(ii) A wide range of banking services

Paragraph 2 of Schedule 2 requires the provision of a wide range of banking services or of a highly specialised banking service, while sub-paragraph (2) lists the components of that "wide range," which must be provided in the UK save in the case of those institutions whose services may be assessed on a worldwide basis.

The Bank will also have regard to the nature and scope of the particular services provided or, in the case of a new institution, to be provided. Consideration will therefore be given to the volume and range of business undertaken, both in terms of balance sheet magnitudes and the number of transactions/customers involved.

'The Bank may wish to take into account that certain relationships which might have been expected to exist do not, in fact do so'

Also relevant will be the length of time over which a particular service has been provided, its quality, and contribution to earnings, and the staff and other resources devoted to it. Thus the provision of services in a limited form or to a limited group of customers will not necessarily suffice.

The Schedule provides that the Bank may, in appropriate cases, grant recognition to an institution which does not provide all of the services specified, except that the acceptance of deposits and the making of loans are obligatory and at least one of the other services listed must also be provided.

Where institutions are of the requisite reputation and standing but do not provide the whole range of services [illegible] in a particular case will be a material factor in leading the Bank to consider whether to exercise the right of waiver mentioned above in respect of one or two of the services.

Applicants to whom this may be especially relevant include overseas institutions with UK branches whose activity is largely concentrated in the wholesale money markets.

The Bank may grant recognition to an institution which provides a highly specialised banking service rather than the wide range of services referred to above.

(iii) Business carried on with integrity and prudence and with appropriate professional skills (Schedule 2, 3)

The requirement that the business of a recognised bank should be conducted with integrity, prudence and appropriate professional skills clearly implies that it will be under the direction of fit and proper persons. While the Bank will wish to be satisfied as to the integrity and competence of key personnel, this criterion goes beyond questions of the suitability of individuals; it entails the observance by the institution as a whole of the highest professional and ethical standards, as befits the status and position of recognised banks in the financial community.

Evidence of prudent management will include not only the maintenance of a satisfactory balance sheet structure, but also the existence of coherent management information and control systems designed to monitor and limit the Bank's exposure to, for example, particular risks or concentrations of risk on countries, industries, customers or counter-parties.

(i) Fit and proper persons

In assessing whether an applicant for a licence fulfils this criterion the Bank will take into account the professional qualifications and relevant experience of directors, controllers and managers (particularly when this has involved a position of responsibility with a bank or other supervised deposit-taker).

In assessing personal integrity the Bank will have regard to any relevant information. This may include, as well as the opinion held by the financial community, observations made in reports by Inspectors appointed by the Department of Trade, or in reports by the take-over panel or similar authorities abroad.

Give workers a say, urges Prior

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A MAJOR change in the way that companies are run was suggested yesterday by Mr. Jim Prior, Employment Secretary.

He said he would like the views of long-service employees to be given legal enfranchisement.

Speaking to a Confederation of British Industry conference in London, he said that increased employee involvement would, in the long run, "have a far greater effect on the way we run industrial relations" than the labour law changes planned by the Government.

Stressing that he was giving a personal view and was not reflecting Government policy about possible legal enfranchisement of employees' opinions, Mr. Prior said: "I have a very strong view that it is wrong that an employee with 40 years' service, who is not a shareholder, does not have a say in the future of his company and whether it is taken over."

Some progress towards Mr. Prior's idea will be made with two measures being planned by the Government. One is to use next year's Finance Bill to relax some of the taxation rules on employee share ownership that were introduced by the last Government.

The second is to revive company law proposals prepared by previous Conservative and Labour administrations for the interests of employees as well as shareholders to be taken statutorily into account by company directors.

Mr. Prior indicated yesterday that he does not believe that these measures will go far enough. He thinks the extent to which employees can exert influence on company decisions by becoming shareholders should be tested first.

He said that employee share ownership should be made easier and the Government would support this wen private capital was taken into certain nationalised industries. A "blue form" would be developed with which workers could obtain shares in their industries on favourable terms.

Mr. Prior's outspoken remarks seem likely to upset some sections oft he Conservative Party and will be noted with interest by trade union opponents of the Government's labour law plans.

The idea that employees have a statutory right to a say in their companies' plans is specially surprising coming so soon after the long battles over the last Government's Bullock Report and its worker director proposals.

Men and Matters, Page 18

Safety Commission warning on cuts

BY PHILIP BASSETT, LABOUR STAFF

THE HEALTH and Safety Commission has warned that its work would be substantially reduced if it were forced to make major expenditure cuts.

The work includes operations in "areas of particular sensitivity," such as the safety of nuclear and other hazardous installations.

In a letter to Mr. James Prior, Employment Secretary, the commission outlines the affect on its services of cuts of 10, 15 and 20 per cent in manpower costs. The Cabinet is examining options for cuts of these sizes, which have been submitted by most Civil Service departments.

One of the options is for a 10 per cent cut in the assessment of safety risks by the Nuclear Installations Inspectorate. The commission says this would stop all work on future reactor systems, such as fast breeders, until their development took the shape of formal proposals for licensing.

A 20 per cent cut, as well as eliminating this work, would also lead to much reduced safety assessments and inspections of chemical plants.

The frequency of factory inspections after a 10 per cent cut would fall from the present level of about once every five years to 7.7, and after a 20 per cent cut to nine. Planned mines inspections would fall from 14,500 a year to 12,000 after a 10 per cent cut, and 11,000 after a 20 per cent cut.

Overall, a 10 per cent reduction would, by 1982, cut 19 per cent of the executive's projected manpower total. A 20 per cent reduction would cut nearly 30 per cent.

ITV talks continue

BY GARETH GRIFFITHS, LABOUR STAFF

PEACE TALKS aimed at ending the independent television dispute which has blacked out screens for six weeks were adjourned yesterday after six and a half hours of discussion between the three unions and the companies.

A joint statement by the Independent Television Companies Association and the Association of Cinematograph, Television and Allied Technicians, the National Association of Theatrical, Television and Kine Employees and the Electrical and Plumbing Trades Union, said discussions had taken place on all aspects of the dispute and a possible basis for a settlement. No new money offer had been tabled and the talks would resume today.

The companies' offer before the start of the talks was worth about 16½ per cent and the unions' claim about 25 per cent.

Chrysler progress hope

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

HOPES WERE rising last night for a breakthrough in the strikes that have halted Chrysler UK car production for more than a month.

Leaders of the 2,000 workers at the Ryton assembly plant, Coventry, who walked out 12 weeks ago, were locked in negotiations with management at a Rugby hotel. The Advisory Conciliation and Arbitration Service brought the two sides together on Monday.

In response to union demands for a 20 per cent pay increase Chrysler has offered 5½ per cent plus a self-financing incentive scheme. Exploratory talks are scheduled for today at Stoke.

Law 'breaking down'

BY GARETH GRIFFITHS

THE TWO civil service unions involved in the month-long strike by 700 inner London magistrates courts staffs said yesterday law and order was breaking down in central London because of the dispute's effects.

The claim came from Mr. Alistair Graham, deputy general secretary of the Civil and Public Services Association, and Mr. Leslie Christie, assistant general secretary of the Society of Civil and Public Servants.

The unions say it will take two years to clear the backlog of work and the loss of revenue will reach £1m by next week.

Bank union in merger move

BY NICK GARNETT, LABOUR STAFF

THE executive of the staff association at the Australia and New Zealand Bank is recommending a merger with the Association of Scientific, Technical and Managerial Staffs.

This follows a ballot abong its 600 members which showed a clear majority in favour of joining ASTMS, rather than maintaining its independence or joining the Banking, Insurance and Finance Union. An independent ballot of the staff association membership is now expected.

ASTMS already has negotiating rights in the National Bank of Australasia and the Bank of New South Wales.

The Banking, Insurance and Finance Union and ASTMS have rejected advice from the TUC that the former should not recruit within insurance companies and the latter should not recruit in the banks.

BOC pay offer turned down

BY NICK GARNETT, LABOUR STAFF

NEGOTIATORS for 3,000 manual workers at BOC's gases division have rejected an offer of between £4 and £5 on the basic rate in response to a claim for a flat rate increase of £25.

Union officials said yesterday that the offer, which they valued [illegible] reporting it to meetings of the 3,000 drivers and gas cylinder handlers.

Further negotiations for the group, which carried out a damaging strike two years ago and was one of the first to break last year's pay guidelines—are [illegible] in two weeks time.

[illegible] Sequerra, divisional [illegible] the Association of Scientific, Technical and Managerial Staffs yesterday attacked BOC's decision to cease operating its fuel, gas and engineering services unit, which is part of its cryogenics division.

Mr. Sequerra said the unit was highly profitable and its closure would result in the loss of 80 to [illegible] in Rotherham and

Corby people in protest march

By Christian Tyler, Labour Editor

ABOUT 10,000 people marched through Corby yesterday protesting at the British Steel Corporation's decision to end steel-making at its Corby tube works.

The demonstration, which virtually closed the town for two hours, massed outside a student hostel where BSC officials were meeting the TUC steel committee. After five hours the two parties emerged to say that another meeting would be held on November 1.

Meanwhile a joint working party would look at the case for closure outlined by BSC yesterday.

Mr. Bill Sirs, chairman of the TUC committee and general secretary of the Iron and Steel Trades Confederation, said that during the meeting BSC had withdrawn a proposal to start winding down steel-making from January. Mr. Bob Scholey, BSC chief executive, confirmed that, but said the November 1 meeting would be "final and definitive."

£13m loss

It appears that BSC does not expect the unions to be able to make any case for keeping steelmaking alive or saving the 6,000 jobs that would disappear, and that it still has a January closure date in mind.

The unions were told yesterday that Corby steelmaking had lost £13m last year, and could lose £20m this year. The longer iron and steelmaking was retained, the greater the threat to the tube mill. BSC's figures have been challenged by economists advising the local union action committee.

Yesterday's demonstration was led by Mr. Bill Homewood, Labour MP for Kettering, and sponsored by the ISTC. One of the organisers, Mr. Mick Skelton, of the ISTC said: "We will fight the closure plans as long as we have breath in our bodies. We warn management that this is only the start."

'Buyers found' for steelworks

By Ray Perman, Scottish Correspondent

WORKERS at the Lanarkshire Steel Works, Motherwell, threatened with closure in November, claimed yesterday that they have been approached by two potential buyers who would save most of the 390 jobs.

The British Steel Corporation announced last month that it wanted to shut the 90-year-old works and transfer production of rolled steel colliery arches to the more modern Scunthorpe and Teesside mills, saving £3.5m a year.

Management, which is still negotiating redundancy terms with shop stewards, has already told them it would not be in the corporation's interests to sell the works to someone who would set up as a direct competitor.

But unions are considering approaching Mr. George Younger, the Scottish Secretary, to ask him to intervene and force the corporation to sell in the event of a bid being made.

So far, no aproach has been made to the corporation, although one of the interested parties, a group of Scottish businessmen, has had talks with the local authority, Strathclyde Regional Council, which was asked by the stewards to establish the good standing of the men involved.

The other potential purchaser, understood to be a group led by a director of a private steel company, is also to meet the council soon.

Improved offer at Coalite plant

LETTERS GIVING details of an improved ay offer will be sent today to 1,000 hourly-paid workers at the Bolsover Coalite plant, Derbyshire, who have been on strike for five weeks.

The offer came after nine hours of talks between the union and management. A ballot will be held on Monday.

ENERGY REVIEW: GREECE

BY N. J. MICHAELSON, ATHENS CORRESPONDENT

Ambitious plans to ride out the energy crisis

THE NEW energy crisis has hit the Greeks hard. It is threatening their Zorbaesque lifestyle and having the inevitable consequences on the country's balance of payments.

The crisis has prompted a major review of energy policy. Greece hopes to produce small quantities of its own oil in 1981, and is planning a series of nuclear reactors and to build natural gas pipelines to connect the country to Soviet and Algerian supplies. It also has some novel energy-saving plans up its sleeve.

Spasmodic energy-saving measures taken so far have aroused a great deal of resentment. One of these measures, staggering of working hours to alleviate rush-hour traffic jams, has met with violent opposition from bank employees. Two price increases this year have brought the price of petrol to the equivalent of $3.75 a gallon (among the highest in the world).

Despite this and potential fines of up to $3,000, Greek motorists continue to defy the ban on weekend motoring applied alternately to odd and even licence numbers.

The edict that all restaurants, casinos, nightclubs and other places of entertainment, such as the famous bouzouki clubs, must close by 2 am has deprived Athens of much of its appeal as a fun city and the restriction on lighting has made the streets hazardous. But the Government is adamant that Greeks will have to acquire a new sense of self-restraint if they are to ride out the energy crunch.

The core of Greece's energy problem is that 75 per cent of the country's total primary energy requirements are met by imported liquid fuels. Although these requirements, amounting this year to 9.6m tons, can still be fairly easily found, it is the endless prospect of further price increases and the longer-term prospect of shortages which are the real issues to be tackled.

Just as significant is the indirect effect of the higher prices of liquid fuels on the domestic price level through their impact on production costs. This is natural since 32 per cent of the total quantity of liquid fuels is consumed by industry and 43 per cent by transport.

Total primary energy requirements are expected to increase at 6.6 per cent per annum through 1990, a rate growth faster than that of GDP (5 per cent in 1980-85 and 4.5 per cent in 1986-90). Much of the projected energy demand growth is expected to be in industry.

Crude oil imports this year are expected to cost $1,800m (about 22 per cent of the country's import bill), compared with $1,300m in 1978, $821m in 1974 (after the first steep rise in the price of oil) and a nostalgic $93m in 1970. The gap in the balance of payments last year stood at $1,250m and this year is expected to exceed $2,000m, mainly because of oil.

Under inter-state agreements negotiated by the present Government, 3m tons of this year's crude oil will come from Saudi Arabia, 1.5m tons from Iraq, 1.2m tons from the Soviet Union and 500,000 tons from Libya. Under a long-term agreement with the Government, the Esso Pappas refinery in Northern Greece will supply a further 2.4m tons. The balance of 1m tons will be petroleum products to be provided by the Vardinoyannis and Latsis groups which own refineries in Greece.

Wide spectrum

Under a three-year agreement reached earlier this year, Libya will increase its share to 3m tons from 1980. The Soviet Union will reduce its share to 1m tons and Esso to 1.8m tons.

The wide spectrum of suppliers is a result of the Government's policy of not putting all its eggs in one basket in the present uncertain climate. Strategically also, and mainly because of its disputes with neighbouring Turkey, the government feels that oil supplies from the Soviet Union, which have to pass through the Dardanelles, and from Iraq, much of which has to pass through the Iraqi-Turkish pipeline, should be supplemented from other sources. The main such sources are the Vardinoyannis and Latsis groups.

Greece's four oil refineries have a total annual processing capacity of 19.5m tons of crude. Motoroil Hellas, which belongs to the Vardinoyannis shipping family is investing $100m to expand its facilities near Corinth.

A major weakness, which the government has been slow to rectify, is the lack of sufficient storage capacity, especially by the State.

The government now plans to increase State oil storage capacity by 2m tons to make it independent of the oil companies. Negotiations are under way with the Soviet Union to supply storage tanks for about 1m tons capacity.

To gain control over oil usage and thereby manage its oil debts, the Government is pursuing an energy policy aimed at the extensive exploitation of local sources of energy. The sources available in Greece are lignite, waterfalls and the oil deposits discovered by a foreign consortium off the north Aegean island of Thassos, all of which can be used as substitutes for imported crude oil.

Proven reserves of lignite in Greece amount to 3.6bn tons (mostly in Western Macedonia and the Peloponnese), 70 per cent of which can be recovered, and there are indications that a further 1bn tons may exist. The country's exploitable waterpower is estimated at 20m megawatt hours (MWh) per annum, of which only 4m MWh annually, or about 20 per cent, is currently being utilised for the generation of electricity.

The 1979-88 development programme of the Public Power Corporation (PPC)—Greece's state-controlled electricity company—calls for a tripling of lignite usage, the doubling of hydro-electric production and the introduction of nuclear power in 1987. Power generating stations of the PPC today have a total capacity of 4,831 MW.

The PPC plans to increase this capacity in the next decade to 11,526 MW with the construction of 12 new lignite-fired plants with a total of 3,600 MW, 24 hydro-electric units with 2,272 MW, seven oil-fired units with 528 MW and a 600 MW nuclear station. This programme will require an investment of about $10bn, about half of it to come from internal and external borrowing.

Apart from oil's 37.1 per cent contribution to total electricity generation of 19,457 gigawatt hours (GWh) lignite now provides 47.6 per cent and hydro the remaining 15.3 per cent. By 1988, when electricity production will have grown to an estimated 44,630 GWh, the share of crude oil is expected to be gradually reduced to 13 per cent, while that of lignite and hydro should increase to 74.5 per cent and 12.5 per cent respectively.

The policy of substituting domestic energy sources for oil in electricity generation is several years old but the government gave the go-ahead in July 1978 for the purchase of a 300 MW oil-fired station.

Mr. Miltiadis Evert, Minister of Industry and Energy, believes the real crunch in the international energy crisis will come in the late 1980s when demand for oil will exceed supply by the oil-producing countries.

Despite the uproar created by the recent Harrisburg incident, Mr. Evert believes nuclear power plants are "a necessary evil of the future" and has given the green light to the PPC to undertake preparatory work for Greece's first nuclear power station.

Mr. Evert says the first plant will probably be installed on an island near Athens (Euboea has been mentioned as a possibility). Athens is the most earthquake-resistant area in the country.

The oil deposits discovered off Thassos late in 1973 will make Greece an oil producer of modest stature by early 1981. Two of the four drilling offshore platforms have already been positioned in the oil-bearing basin known as Prinos. The oilfield is expected to yield 25,000 barrels of high-sulphur content oil and 90m cubic feet of natural gas a day.

Plans to bring natural gas from the Soviet Union through Bulgaria and from Algeria through Italy must be seen as long-term projects because of the many difficulties involved, not least the forbidding cost—more than $1bn.

Italy's State-owned Snam Progetti (a subsidiary of ENI) has been awarded a $1m contract to prepare the study on the project to bring Algerian natural gas by submarine pipeline across the Adriatic from Italy.

Under the terms of full membership with the EEC, the Government will have to liberalise its monopolistic grip on the oil sector within five years from accession. This will be done at the rate of 20 per cent each year. Just how it intends to do this is not clear and the 17 oil companies involved in the marketing of petroleum products in Greece are trying to start a dialogue with the Government on the matter.

As things stand, the Government controls the whole spectrum from the crude oil stage right down to the petrol station pump. Under an allocation system worked out between them, the marketing companies buy their petroleum products from the National Petroleum Service at fixed prices with the profit margins determined by the Government.

Subsidisation

The prices the companies buy their products now do not reflect the real cost. The disparity in prices reflects Government policy to make car petrol subsidise gasoil which is used in public transport, industry, central heating and transport of agricultural products, thereby having a more direct effect on the cost of living index.

On the conservation front, the Government is reviewing all new industrial projects in terms of energy consumption; encouraging high petrol prices; continuing a policy of heavy and progressive taxation on cars; and giving strong support to public transport. A revision of PPC prices is being considered to discourage excessive use of electricity by consumers.

Measures to facilitate commercialisation of new technologies include tax incentives for the installation of domestic and industrial solar water heaters; and interest-free loans of up to 50 per cent of the investment involved for installations using new energy-saving processes.

Other energy conservation measures provide that all factories whose production requires heavy energy consumption must this year reduce energy consumed by 5 per cent below their 1978 level, and that all factories must, within two years, invest 3 per cent of the value of their mechanical assets (before deduction of depreciation) in energy-saving equipment and fittings.

According to Mr. Evert, the Greeks may soon be driving their cars with a mix of petrol containing about 7 per cent anhydrous alcohol produced from sugar beet. The new mix will be compulsory and will provide farmers with additional income from more extensive beet cultivation.

All this represents the type of comprehensive energy planning which few countries have succeeded in implementing. A question mark remains over whether the Government will be able to bring about the major education campaign necessary to win widespread support and whether, having so far lagged in introducing long-term planning, it will be able to do so sucessfully in this crucial sector.

GREECE'S RELIANCE ON IMPORTS

(m tonnes of oil equivalent)

	1976	1980	1985	1990
TOTAL PRIMARY ENERGY				
Demand	13.2	18.2	25.3	33.5
Domestic Production	3.5	5.3	9.8	14.1
Net imports	9.7	12.9	15.5	19.4
DOMESTIC PRODUCTION				
Oil	—	0.6	1.1	1.0
Gas	—	0.2	0.4	0.2
Coal	3.0	3.7	7.2	8.8
Nuclear	—	—	—	3.0
Hydro	0.5	0.8	1.1	1.1
NET IMPORTS				
Oil	9.3	12.3	14.5	18.1
Gas	—	—	—	—
Coal	0.4	0.6	1.0	1.3

Source: IEA National Energy Review

APPOINTMENTS

Senior changes at F. W. Woolworth

Mr. S. J. Owen, chairman and joint managing director of F. W. WOOLWORTH AND CO., is to retire from the company on October 31. Mr. G. Rodgers, joint managing director, has been elected deputy chairman and chief executive, and Mr. H. R. Johnson and Mr. R. E. Jones become joint managing directors with immediate effect. The three newly appointed executives have all been with the company for a number of years. Mr. Rodgers joined in 1940, Mr. Johnson in 1942, and Mr. Jones in 1954.

★

Mrs. Shirley Hume has joined CVC SCIENTIFIC PRODUCTS, of Wokingham, Berkshire, as European product manager, distillation systems and components.

★

Mr. D. R. Clarke and Mr. D. M. White have joined the partnership of LAURENCE PRUST AND CO., stockbrokers.

★

Mr. Derek Collins has been appointed to the Boards of the RANK CITY WALL group of companies the parent concern is Rank Organisation. Mr. Collins joined City Wall in 1960 and has been property manager for the last few years with responsibility for a substantial portfolio of investment properties within the group.

★

Mr. Michael Cook is to join ANDREW BUCHANAN AND SONS, of Harrow, in the newly-created post of general manager.

★

Mr. Robert Stephenson has been appointed managing director of the newly formed NORTHFLEET TERMINAL, a subsidiary of Bowater-Scott Corporation. He was previously general manager of Thames Site at Bowater-Scott. Mr. Philip Virgo, services director (Bowater-Scott) has become chairman of the new company and Mr. David Kay, manager of corporate finance (Bowater-Scott) has been made a director.

★

Mr. Ron Bennie has been appointed general manager of the international banking division of NATIONAL WESTMINSTER BANK from April 1, 1980. He will succeed Mr. Eric Carter who becomes deputy group chief executive (international business) on Mr. Harold Hitchcock's retirement on March 31, 1980. Mr. Bennie has been managing director of Centre-file, part of NatWest group, since June, 1978. Previously he held appointments as area director of West End (Central) area and manager of Threadneedle Street Office in the City.

★

Mr. W. B. M. Duncan has been appointed to the Board of LEGAL AND GENERAL GROUP. Mr. Duncan is a deputy chairman of IMPERIAL CHEMICAL INDUSTRIES.

★

Mr. R. Kewell has joined the Board of PALMERS SCAFFOLDING as UK scaffolding director. Mr. G. Oakley and Mr. B. Huggins have been made northern and southern divisional managers respectively. Regional managers appointed are Mr. W. Hopewell (North East and Scotland), Mr. L. Root (South East) and Mr. L. Olive (offshore). Promoted senior executives are Mr. H. Dalton (UK hire and sales) and Mr. G. Harding (surveying).

★

The Secretary for Education and Science has appointed Mr. J. K. McDowall to be chairman of the governors of the FURTHER EDUCATION STAFF COLLEGE at Coombe Lodge, Blagdon near Bristol. The appointment is initially for the unexpired period of the term of office of Sir Cyril English, who has resigned. Sir Cyril was appointed in November, 1975, for five years. Mr. McDowall is agent of the Bank of England at Bristol and has served on the governing body of the College since 1974.

★

Mr. V. Eugene Refalvy, vice president, has been appointed general manager of the London branch of the FIDELITY BANK, Philadelphia, Pennslyvania, with administrative responsibility for the bank's European commercial banking activities.

★

Mr. E. Woolfenden at present group financial accountant, MIDLAND BANK, has been appointed assistant general manager (group accounts) from October 1.

★

Mr. Peter Clancy has been appointed general manager and director of PARTINGTON HOMES, a subsidiary of Partington Construction (Holdings).

★

Mr. Alan Berry is the new chairman of the BBC's Midlands Advisory Council, which advises the Corporation on programme policy and content. He succeeds Mr. John Carpenter, who has finished his five-year term of office. Mr. Berry is director of the Coventry and District Engineering Employers' Association.

★

Mr. W. J. Uttley-Moore has been apopinted managing director of COMPUTING DEVICES COMPANY of the UK in succession to Mr. J. J. McLoone, who is retiring.

★

Mr. N. Brown has been appointed company secretary of HENDERSON-KENTON. The position was previously combined with that of director of administration and those responsibilities have now been divided.

★

Mr. D. H. S. Howard has been appointed a director of LRC INTERNATIONAL. Mr. A. L. Robinson has resigned from the Board and Mr. W. G. Jelley has retired.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Silver-based paint resists heat

CONDUCTIVE paint which adheres well to most substrates, such as plastics and rubbers, has a polyurethane base and can be brushed or sprayed. It has a large number of potential applications in the electrical and electronic industries.

Johnson Matthey has called this new silver-based paint MH 1433. It is supplied ready for brushing. Viscosity of the mixture can be adjusted by adding one of a number of different organic thinners depending on the application.

As well as adhering well to the substrates mentioned, MH 1433 also exhibits excellent flexibility and can be used on components, which are likely to undergo cyclic thermal stressing, provided the temperature limits of the substrate's material are not exceeded.

When cured, MH 1433 forms a tough flexible surface which retains its electrical and mechanical properties at temperatures up to 150 degrees C.

Silver is an excellent conductor of electricity and when particles of the metal are produced in the correct size and shape and blended with paint bases and adhesives, conductive surfaces and bonds of high strength can be produced. For instance, conductive tracks can be painted on flexible substrates to produce an electrical circuit; large surfaces can be sprayed or painted on to obtain a film of high conductivity suitable for electroplating, earthing and radio-frequency screening.

Johnson Matthey Chemicals, 25, Orchard Road, Royston, Herts. SG8 5HE.

● INSTRUMENTS

Measurement is precise

OPTOCATOR precision non-contact measurement equipment by Selcom, Sweden, is available in Britain from G. V. Planer.

Solid-state optoelectronic techniques are used to provide precision measurement data—for position, dimensions, contour, thickness, vibration, etc.—on almost any material regardless of surface texture, temperature or colour, or of ambient illumination conditions. It does not have to be close to the surface being measured, and is built for demanding service environments.

Applications include production line gauging, especially 100 per cent dimensional or thickness gauging of high volume or continuous process items such as rolled or extruded metals, including red hot steel, plastics, wood, rubber or food products. Its high frequency response makes the Optocator ideally suited for many vibration measurement applications.

Providing a digital display of the measured variable, together with analogue DC and TTL compatible digital outputs for recording, display or process control, a microprocessor continuously monitors the measured variable and gives a signal output should the measurements exceed pre-set tolerance limits. Separate output signals provide an early warning that the measured variable has exceeded a selected percentage of the tolerances. Set point, tolerances and percentage tolerances are selected by thumbwheel switches on the processor panel.

The system works by projecting an infra-red beam of regulated intensity, from an LED or laser diode mounted in a gauging probe head, on the surface to be measured. Scattered light from the surface is focused on the optoelectronic detector, also mounted in the head, and variation in the measured surface position results in a change in position of the image on the detector. The latter generates output signals which are converted, within the processor unit, to precise position information.

Frequency response is up to 2kHz. By using two probe heads, it is unnecessary for the reference measurement plane to be fixed or stationary.

G. V. Planer, Windmill Road, Sunbury-on-Thames. Sunbury 86262.

● RESEARCH

Instrumentation design and development

IN COMMON with most of the research associations SIRA Institute has a built-in inhibition to revealing details of its research work in instrumentation, in order to protect the interests of its clients.

One area in which the institute has opened its doors a little, however, is the development of a laser-based technique in conjunction with Rediffon which is able to provide a 180 degree continuous field of view to a trainee pilot at a definition which is said to be 10 times better than can be achieved with the usual television systems.

SIRA has been responsible for the camera and the projection unit which works in conjunction with computer controlled image generation and motion systems for the cockpit. A one millimetre prism at the end of a very thin optical probe images the terrain model, "flying" over it according to the flight path. By an undisclosed digital process the image viewed is broken down into 6.5m picture elements and the data obtained are used to modulate a laser beam.

At the same time the beam is deflected by a rotating optical disc with multiple facets so as to cover the 180 degree azimuth and an elevation extending from 20 degrees above the horizon to 40 degrees below. To achieve the required quality the disc has to rotate at 180,000 rpm and runs in air bearings.

The cockpit view is in black and white at the moment but further work using coloured laser light is expected to produce a three-colour image.

Although SIRA does not elaborate, there would appear to be additional scope for image processing/improvement and, on the face of it, very high quality big screen colour television.

The simulator work is the subject of $1.5m contract from the U.S. Government through American Airlines.

Another contract, for £350,000, has come from the European Space Agency via the French company Matra to provide an experimental device for the EXOSAT mission which aims to identify and position of faint stellar x-ray objects. The instrument is only the size of a cricket ball and makes use of a charge-coupled device (CCD) array to obtain x-y data from the image of the sky.

Inevitably, a good deal of effort has been expended at SIRA—which was one of the first MAPCON consultants—into injecting the microprocessor into the instrument industry. There have been some 40 projects initiated to date, almost all involving companies which, although they are expert in their own field of measurement, are not able to undertake microprocessor design.

The Institute emphasises that using micros, easily applied and effective distributed plant control has become an economic proposition: it estimates that 30 per cent of all applications have been in this area.

"Making the penny drop" is still seen as a major task at the Institute which has undertaken a considerable programme of training, not only in microprocessors but in several aspects of modern instrumentation. Over 4,000 engineers and managers have taken courses there.

SIRA, now seen by its management and staff as more a "research business" than a straightforward research laboratory, expects to achieve a turnover of £2m this year, with 25 per cent exports, and is planning to expand its 200 staff and add more buildings.

Its membership income is now only 2.5 per cent of its total revenue—a far cry from the early days.

GEOFFREY CHARLISH

Analysis of crystals

THE NORMALLY time-consuming and tedious process of mineral crystal analysis by X-ray diffraction has been speeded up about 100 times in a mechanised equipment from Siemens.

Work which might take one or two hours is reduced to about a minute by using a high speed diffraction system coupled with a position-sensitive dectector and associated electronics.

The technique involves aiming X-rays at the specimen and measuring, with a goniometer, the angles of emergence of the diffracted rays.

In the Siemens equipment the goniometer is able to move at 400 degrees per minute and the position detector allows incident X-rays to be located to within 50 microns on a high ohmic counter wire, even at relatively wide detector apertures.

The result — which should be particularly attractive to mineralogists and geological prospectors — is that a complete X-ray diffraction diagram can be recorded in a matter of minutes.

More from Windmill Road, Sunbury-on-Thames, Middlesex TW16 7HS (09327 85691).

● METALWORKING

Accurate copy milling

DIE SINKING and copy milling with higher speed and accuracy is offered by Rambaudi with its Digitrace, conceived to add a new dimension to copy milling by overcoming some of the method's inherent disadvantages.

These can be summarised as limitation on cutting speeds imposed by the tracing process, transfer of machine vibration to the tracer head and inflexibility of interpreting the data gathered by the probe.

Digitising of data is, in itself, not new. Much research has been carried out—particularly in the content of computer-aided design—over the last 10 years.

With Digitrace, Rambaudi claim to have made an economic and technical advance which establishes digitising as a cost-effective process for even the smallest of toolmaking shops. A claim substantiated by a considerable number of machines—both large and small—in the field in Europe. These range from the Rambaudi Mini-Ram, a 10 hp machine, to the Rammatic 1000, a 50 hp, 25 ton, bed-type machine.

With Digitrace the probe can scan the model in the non-cutting mode. This immediately eliminates any inaccuracies introduced by machine tool vibration.

Using this mode of operation, copy milling has been successfully carried out at speeds of up to 3m/min (120 in/min). This level of feed is of particular interest for light alloy work. In the U.S.A. over 800 Rambaudi machines are used in the aerospace industry.

Elgar Machine Tool Company Limited, Bec House, Victoria Road, London NW10 6NY. (01-965 8911).

● COMMUNICATIONS

UK marketing problem

INCREASINGLY, foreign companies bringing telecommunications equipment rapidly to the market with what they consider to be first class specifications, are seeking approval from the British Post Office for sale in the UK.

One such organisation is Mitel Corporation, a Canadian-based company formed in 1971 but making considerable impact in telephone switching with all-electronic "SX" exchanges offering an uninstalled cost of £80 per line in the 10 to 200 lines region.

Mitel's particular concern at the moment is that although the Post Office has given approval for private network/PAX use, it has refused permission for deployment as a PABX (private automatic branch exchange, which has lines to the P.O. network unlike a PAX).

The company claims support from the gas and electricity boards, British Rail and the oil companies, not to mention "many commercial organisations."

To strengthen its case, the company recently started manufacture at Slough so that it can no longer be regarded as a "non-UK" source, but it believes that low-cost objections from the unions (which Mitel refutes) and the fact that the SX is directly competitive with the Post Office's own CDSS1 small electronic PABX are holding things back.

Mitel claims that CDSS1 will not be available for another two years or more and even then will not offer the flexibility, facilities and low cost of the SX series.

Latest product, the SX-20, is aimed particularly at the hotel and motel industry, although with 72 internal and eight external lines it is suitable for many small businesses. It occupies only 22 × 15 × 5 ins and can be programmed or reprogrammed by the installer in a matter of minutes.

Mitel Telecom, Hamilton Road, Slough, Berks SL1 4QY (0753 28154).

Equipment ordered

POST OFFICE has placed an order with Marconi Communication Systems for the design and development of a new generation of 30 channel pulse code modulation equipment.

Object is to meet the important, growing and urgent requirement for equipment such as this, suitable not only to interface with the present UK system but also for export.

The new equipment, which conforms to the CEPT and CCITT 30 channel PCM format, is fully compatible to work with both national and international systems including the family of System X digital exchanges currently under development in the UK.

Marconi House, Chelmsford CM1 1PL. 0245 353221.

● IN THE OFFICE

Automatic embosser

ORGANISATIONS that have to emboss large numbers of plastic cards will be interested in equipment from Dymo Business Systems which uses a crt display for entry and verification.

Known as the DBS series 3, the equipment consists of a keyboard with visual display, a desk-top automatic embosser and interconnected control unit. In addition, the system can be coupled on line to a computer for fully automatic operations, to existing VDUs or to other input sources such as line printers.

Using the keyboard and screen, the operator can choose any one of four different layouts and is able to check all the entered data before committing it to the embosser. As a security aid there is a choice of composition of check digits at, say, the end of an account number. The same card can be produced more than once if required by pressing a button.

More from Farrington Division, Dymo Business Systems, Browells Lane, Feltham, Middx. (01-890 3493).

Produces better copies

LATEST MACHINE from Minolta, available from Regma of Dunstable makes use of a formulation of toner in which metallic particles are not present and in which the particle size has been reduced to 8 to 12 microns.

It is claimed that this produces better copies of more consistent quality and that any paper in the 60 to 100 grams/square metre can be used.

This table-top, moving platen flat-bed machine can deal with originals up to 10 x 14 ins (257 x 364 mm) in size and can produce 12 A4 copies per minute, the first appearing in eight seconds. The user can set the number of copies needed up to 99 on a numeric key pad, and runs can be interrupted in order to make single copies from another original: the machine will then revert to the run.

Exposure is set by the user on a simple slider control and there is a bank of four warning lights which show when toner needs to be added, paper replenished, paper misfeed has occurred or the serviceman needs calling.

More from Regma at High Street, Houghton Regis, Dunstable, Beds, LU5 5QL (0582 605551).

Forms made easier to read

BUSINESS forms, too often, range from the downright dull to the difficult-to-read, and rarely reflect the background of the company issuing them. An impression that the company is old-fashioned can easily be given by a badly designed form, regardless of the computer used.

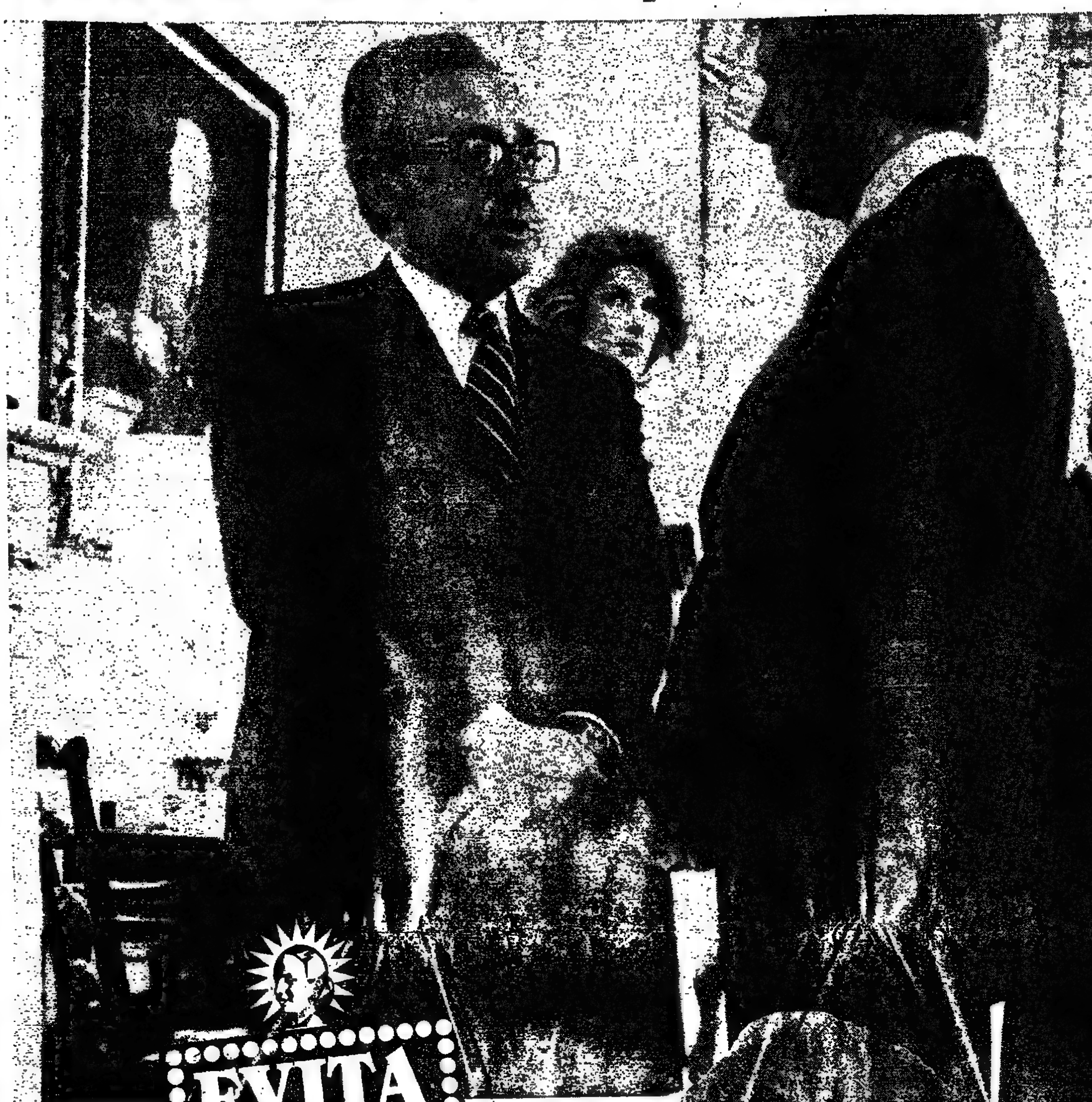
Free studio design service is being offered by Wilkes Business Forms, collaborating with clients to change the monotonous face of British business stationery.

This facelift is being achieved by making greater use of multi-coloured printing techniques and by introducing a pictorial aspect to accounting forms. In doing so, Wilkes is finding that an increasing number of marketing departments are beginning to appreciate the potential of using their accounting paperwork as a platform on which to promote the company image by incorporating an illustration appropriate to their particular business.

Wilkes Business Forms, Oxford Street, Bilston, West Midlands WV14 7DW. 0902 42961.

Kissinger–his verdict on the West.

NOW! examines the way his major new book will influence Western policies.



Henry Kissinger, the man who left Harvard to mould the foreign policy of the free world, is about to publish his memoirs.

What is the verdict on where the United States stands today?

Is the world now in greater danger of war?

What impact will his views have on the policies of the Western Alliance?

This week NOW! magazine examines these important questions.

The Nizam of Hyderabad's wealth.

Terry Duffy's three day week.

Exploring the past with hypnosis.

NOW! with the help of experts, investigates the case of Anne Dowling and the claims of a remarkable new book, "Encounters with the Past."

The man behind Lord Goodman.

Kathryn Samuel on fashion.

Richard Baker on music.

Kurds–the price of defeat.

This week in NOW! you can read about how the Engineering Union brought the three day week back to Britain; the tragic predicament of the Kurdish tribes in Iraq; the fortunes of Tim Rice and Andrew Lloyd-Webber on Broadway.

Anthony Shrimsley gives his views of Edward Kennedy; Patrick Hutber says what should be done about British Leyland; Frank Johnson takes a look at Margaret Thatcher's relationship with the Unions; and Clive Barnes has been examining American Television.

There's a profile of Lord Goodman, one of the most fascinating men in public life; and a look at the riches of one of the world's wealthiest men.

A new letters column will give you a chance to compare your views of NOW! magazine with those of others. The Editor of the Sunday Times wrote in last week's Daily Mail: "When Frank Johnson, Patrick Hutber and Clive Barnes get into their stride, they are worth 50p in themselves." And that's only three pages!

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The news magazine.

The first of its kind in Britain

Hazel Duffy and Richard Lambert on a multi-national which has pulled in its horns

Massey Ferguson ploughs a straighter furrow

The MF 2640, one of a new range of high horsepower tractors. In 2- or 4-wheel drive, the tractors have been designed to improve reliability and simplify servicing.

JUST OVER a year ago, Victor Rice found himself president of a major multinational which was in serious financial trouble. In the year to October, 1978, Massey Ferguson lost U.S.$257m, including extraordinary provisions of $116m for such things as plant closures.

In the current financial year, the group should do better than break even. And in 1979-1980, Rice says the group's return on assets employed will be significantly better than at any time in the last 15 years.

This radical turnround has been achieved by pursuing a fairly classical policy of pulling in your horns where possible, and identifying what Rice calls the "core businesses." At the same time, Rice instituted what he calls a "massive internal overhaul" of senior management. And in the past couple of months, the group has become engaged in a major financial reconstruction. It will be some time yet before MF can safely claim that it is home and dry, but at least there can be little doubt that it is moving in the right direction.

Rice has little hesitancy in identifying the shortcomings of his predecessors. As a major tractor manufacturer on a worldwide scale, MF had nevertheless failed to secure a solid base in the single most important farm market in the world, namely North America.

And this was in spite of the fact that the group is based in North America (its head office is in Toronto). Even more serious, it had failed to see that the growth element in that market is in large farm equipment. While MF's major competitors, John Deere and International Harvester, have been moving in that direction for some years, it was not until last year that MF introduced a range of equipment in this category which could begin to compete.

Share is smaller

The result is that while Rice estimates MF has around 20 per cent of the North American market for tractors in the 30-100 hp range, he admits that its share of the 100 hp-plus market is very much smaller. Sales of large farm equipment in North America are also less volatile than those of smaller equipment; bought mainly by large farms, demand has proved more stable.

MF's tractor sales policy has been heavily in the direction of the developing countries. Rice describes his predecessors as having an "almost missionary approach" towards supplying tractors and combines to the world in order to meet its food needs. But they failed to realise that to extend itself in this way, MF needed the security of a strong equity base.

Over the past couple of years, MF found itself trapped by this dependence on the Third World. Credit problems for the Turkish Government and a political change of direction in Brazil, in particular, led to the virtual cessation of demand for tractors in these two important markets for MF. Prior to the downturn of the past couple of years, however, tractor demand had been very buoyant worldwide. But MF, in its zeal to supply the Third World, made what Rice sees as another "grave mistake." It starved its distributors in North America and Europe of supplies, and built up an image of MF being unable to deliver on time.

Rice believes that in the past year, MF has done much to overcome these problems. The new range of agricultural products introduced to North America last year, and since then to other markets, ensured that MF's range "is the best that it has ever been," says Rice. In fact, he describes it as the most positive thing that he inherited at MF.

Strenuous efforts have been made to improve the range of stocks being held by distributors. By July, MF's current assets show that products valued at $308m were in the hands of North American dealers: the comparative figure was $240m a year earlier. The dealership network is a very important asset in maintaining a strong sales pattern, and Rice stresses that a company can only hold on to its dealers if it can supply him with the products.

Tractors, combines and diesel engines are the three "core businesses" which Rice has identified. Production will be concentrated at a handful of factories—tractors in the U.S., UK and France (Detroit, Coventry and Beauvais); combines in Canada and France (Brantford and Marquette) and diesel engines at Peterborough in the UK. The objective is to load these factories to the full year in and year out, and to improve the flow of production which, in the past, had been erratic.

All the other plants, which are scattered around the world, will have to live within their own means and make what head office deems to be an adequate return. One of Rice's innovations is a concept of risk-adjusted returns on average assets employed by which it measures these investments. This means that, to justify its existence, a plant in Argentina must make more than one in Germany.

The "casualties" so far have included the diesel engine plant in Canton, Ohio, the tractor plant in Mexico (which MF sold *off in the past month*), while the future of Kilmarnock, Scotland, will be decided shortly.

About a year ago, MF decided that combine production should *be centred on only one plant* in Europe, for reasons of greater efficiency. Marquette was the chosen plant, but MF said it would transfer baler production to *Kilmarnock, where combines* had previously been made, in order to soften the blow. This would mean that 500 out of a total 1,500 jobs could be *retained*.

Not an easy operation

Rice is very conscious of the bad image that multi-nationals present when they pull out of *countries. He maintains that it* is not nearly as easy an operation as the critics of multinationals sometimes assume. In the past year, however, the market for combines is even more depressed than when MF did its study on Kilmarnock a year ago, and demand for balers has also softened. In the light of this, the complete closure of Kilmarnock is obviously one of the options now being studied.

The slimming-down process at MF under Rice—worldwide the workforce has been cut back from 68,000 to 58,000—has resulted in casualties at the top of the tree as well. Out of the 16 people who now report directly to Mr. Rice, only one was previously a vice president. At the next level down, senior managers have been cut from 188 to under 160, of which nearly a quarter are new appointments. The management changes are a key element in Rice's strategy. Before he took office, he says responsibilities were confused; the group had simply run out of control.

Another fault that his predecessors had, says Rice, was the idea of buying assets cheaply without worrying too much about the return—a "higgledy piggledy" investment policy. Thus MF bought the German construction equipment group, Hanomag, in 1974. It was a disastrous investment. Last year, Hanomag lost a net $49m. On his arrival, Rice put one man in charge—"*something* that had never been done before"; he has managed to reduce the losses to around $10m this year and hopes to break even next. Disposal of the company, however, still seems to be the most likely course for MF.

Another example was MF's purchase of the Canton, Ohio, plant which had been built for White Motor Corporation in 1972 but never used. MF bought it in 1976, re-tooled it at considerable expense—it was, says Rice, a "superb factory"—for the production of diesel engines to the North American market. But MF found it could never get enough orders to operate at even a third of capacity, and this year it decided to cut its losses. A provision of nearly $19m on the plant was included in MF's third quarter figures. The U.S. market is now being supplied with engines from Perkins in Peterborough.

Rice, a 38-year-old Englishman, came from Perkins, which has often been described by MF as the most attractive asset in the group. At the depth of its financial problems, MF tried to sell off a *minority* stake in Perkins, but without success. With the financial reconstruction which has now been arranged for MF, there is less pressure to raise cash through a Perkins sale.

Perkins has enjoyed a solid position as one of the world's major diesel engine manufacturers under MF ownership, but many people believe it is heading for a less successful period. They cite Perkins' strong presence in the industrial engine market, which will show much less growth than the truck engine market, and the problems which could arise if MF's financial position *does not* permit funds to be voted towards Perkins' development.

Rice dismisses this. He believes that Perkins' "tremendous technological experience" in the high-speed industrial engine will continue to present plenty of expansion opportunities. The truck engine, he says, will be made increasingly by the automotive companies themselves. Perkins' future in the truck engine will be through joint ventures with automotive manufacturers to enable Perkins to meet the huge tooling costs for a new engine line. The development costs of new engines will be met by Perkins on its own, says Rice, dismissing the suggestion in a recent Price Commission report that MF's finances might hinder development at Peterborough.

Nevertheless, R and D spending throughout the MF group is running below that of its main competitors. Rice believes that he has a "breathing space" until about 1981, thanks to the new farm equipment range that came out last year. But if MF is to keep pace with the products required by the *North American and European* markets, rather than the less demanding countries of the third world, it will obviously have to devote a greater percentage of its expenditure on R and D than in the past.

Losses cut equity

Likewise in capital spending MF has been lagging far behind its competitors. *John Deere*, for example, has just announced that it is spending $350m on expansion in Europe alone over the next five years.

The major financial reconstruction in which MF is engaged, is at least as badly needed as the reshaping of its operating structure. Last year's losses cut shareholders' equity by a third, and in July this year MF's total debt exceeded $1.4bn, nearly 2½ times greater than its net worth.

Victor Rice: switching MF's emphasis from the Third World to North America and Europe.

Rice believes that the group should not have more than 50 cents of debt for every dollar of equity—and a big step towards that target is the proposal to issue $C300m and $C500m of preferred shares and warrants for common shares.

The financing package will include a substantial private placement of *convertible* preferred with Argus Corporation or one of its affiliates. Argus, a holding company with major investments in Canada, is *controlled* by MF's chairman, Mr. Conrad Black, and his family interests, and as a result of the planned transaction the Argus stake in MF could rise from the present 16 per cent to between 35 and 40 per cent.

Mr. Rice says he is entirely happy about such a prospect. Mr. Black took over as chairman of MF in August 1978 shortly after he became president of Argus, and a few weeks before Rice's appointment.

The finance costs of the preference stock should be significantly lower than that of the debt which it will be replacing. Rice hopes to have the new money by Christmas, and this is one important reason for his confidence about next year's profits.

There is also the substantial loss elimination at Hanomag and the closure of the Ohio plant to be taken into account.

Further reorganisation is on the way. Rice expects to be making a series of announcements over the next three or four months marking what he describes as "the final tidying up phase." He also claims that there have already been massive improvements in productivity which has helped to offset MF's high sales expenses.

The market place, too, is expected to be more buoyant next year. Farmers' cash receipts in North America are expected to be substantially higher this year than in 1978. Rice also thinks that Europe will be capable of modest growth in 1980.

Moreover some of the developing countries where MF is strongly entrenched are beginning to recover after catastrophic declines in recent years. Demand in Brazil has been very much better during recent months, and there are signs of a pick up in Argentina.

But it is clear that by around 1982-83, MF will have to be in a position to invest very large sums of money on further development. Rice, who attributes his success over the last year to the fact that "I work very hard," must be well aware that there can be no letting up.

Business courses

An Introduction to Corporate Planning. London, October 15. Fee: £45 (plus VAT) members, £60 (plus VAT) non-members. Details from Society for Long Range Planning, 15, Belgrave Square, London, SW1.

Strategy and Management of the Research and Development Function. London, October 29-31. Details from Bakkenist Management Consultants, Emmaplein 5, 1075 AW Amsterdam, Netherlands.

The Skills of Buying from Overseas. London, October 23. Fee: £65 (plus VAT). Details from Purchasing Economics Ltd., Pel House, 35, Station Square, Petts Wood, Kent BR5 1LZ.

Industrial Marketing Management, Bradford. October 21-26. Fee: £260. Details from The Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

The EEC and the Multinationals, Brussels. October 24-26. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

The 1979 Corporate Finance Conference, London. October 10-12. Fee: £295 (plus VAT). Details from Institute for International Research, 70 Warren Street, London W1P 5PA.

Manpower Planning, Bedford October 28-31. Details from Professor Brian Wilson, Programme Tutor, Cranfield School of Management, Cranfield, Bedford, MK43 0AL.

Managing Your Sales Force, London. October 10-11. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

The Future for European Business — Strategies for Growth, Henley. October 10-12. Fee: £395. Details from Seminar Secretary, The Administrative Staff College, Henley-*on-Thames, Oxfordshire*, RG9 3AU.

Social Science Inputs to Organisation Development, Brunel University, October 22-26. Fee: £265. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middx. UB8 3PH.

Communicating to an Audience, London, October 22-24. Fee: £550 (plus VAT) members, £687 (plus VAT) non-members. Details from British Institute of Management Conference Department, Management House, Parker Street, London WC2B 5PT.

The Entrepreneurial Businessman, London. November 1-2. Details from Eurotech Management Development Service, 13, Holder Road, Aldershot, Hants GU12 4RH.

Product Liability—Law and Practice, London. November 6. Fee: £95 (plus VAT). Details from AMD Legal, Accelerated Management Development, Six Sheet Street, Windsor, Berks.

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Exploring the past with hypnosis.

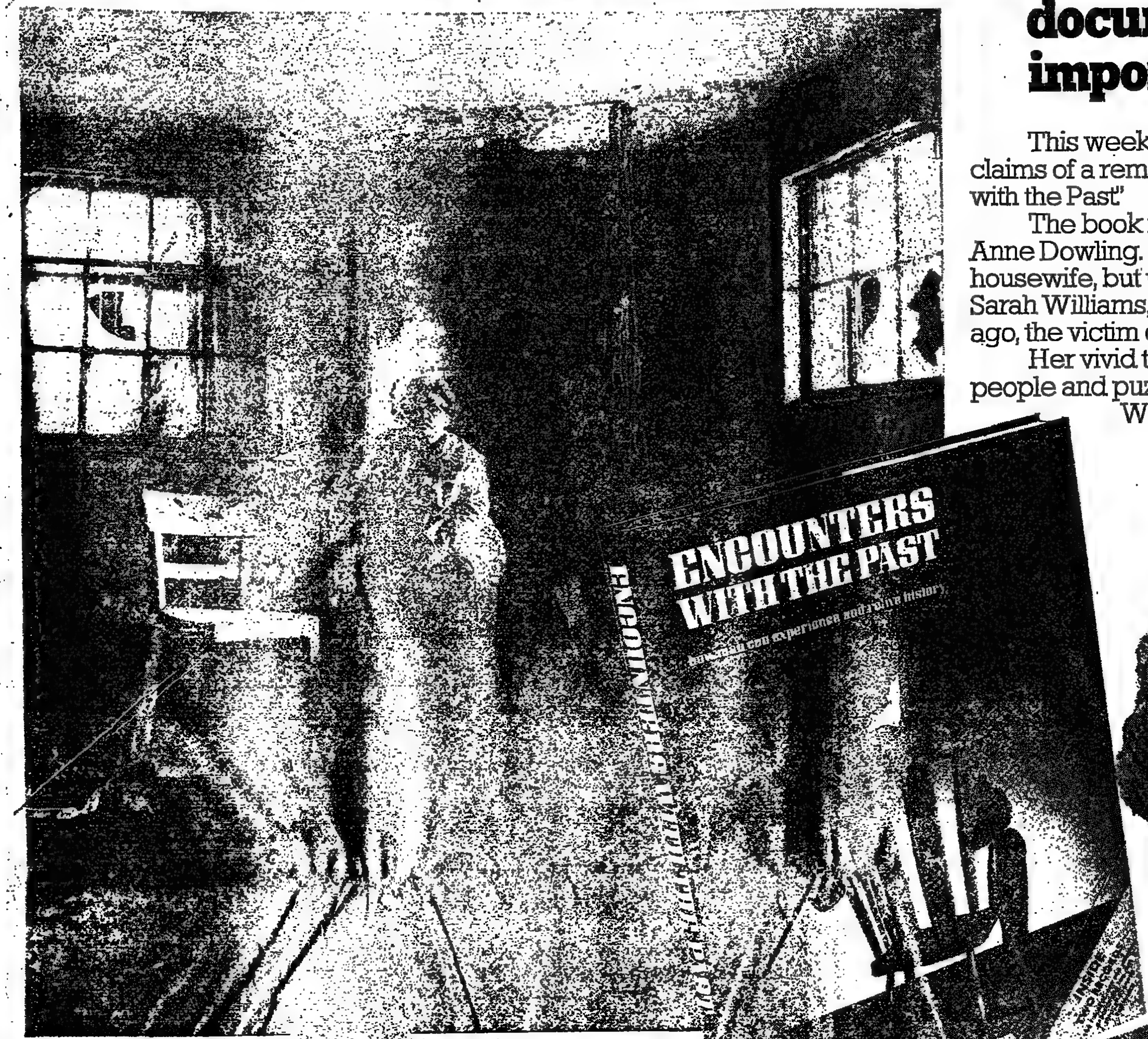
NOW! with the help of experts, investigates a puzzling phenomenon documented in an important new book.

This week NOW! magazine examines the claims of a remarkable new book "Encounters with the Past"

The book features, with others, the case of Anne Dowling. She is a normal Liverpool housewife, but under hypnosis she becomes Sarah Williams, a girl who died over 120 years ago, the victim of a brutal murder.

Her vivid testimony has convinced many people and puzzled others.

What is the explanation?



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THE PROPERTY MARKET BY MICHAEL CASSELL

£20m Cambridge Circus redevelopment to start

THE £20m-plus redevelopment scheme for London's Cambridge Circus is about to go ahead after a 20-year planning battle.

In a deal signed this week, Norwich Union has bought the freehold of the site on the corner of Charing Cross Road and Shaftesbury Avenue from Cambridge Circus Investments, a joint company formed by Town and City Properties and National Freehold and Leasehold Properties. The total construction cost is to be met by Norwich Union.

CCI is to develop the site, much of which has been used as a car park since the last war, to provide 145,000 sq ft of offices and 26,000 sq ft of shops. A refurbishment scheme will provide an additional 25,000 sq ft of shop and office space.

As far back as 1959, conditional planning consent for 320,000 sq ft of offices was granted on the site by the former London County Council. Problems arose almost at once, mainly over the improvement of Charing Cross Road. In 1965, planning powers were transferred to Camden Council, which objected to the proposals.

Camden applied for an injunction to prevent the Greater London Council, a part owner of the site, from selling its interest to Town and City. Eventually, T and C won and in March, 1977, the company reached agreement with Camden and the GLC over its plans for the site.

CCI is 55 per cent owned by T & C, with the balance held by National Freehold, whose shareholders are located next door to the site in the shape of the Phoenix Theatre.

Mr. Basil Winham, a director of T & C, said that, contrary to the original plan, all the buildings facing the Circus would be retained and renovated.

"Most of the site has been little more than an eyesore since the last war and we are glad to be able to get on with the development after what has, by any standard, been a rather long wait."

Outside London, Town & City is currently developing the second phase of the existing Arndale centre in Poole and another Arndale complex in Eastbourne.

Metal Exchange moves house

THE LONDON Metal Exchange's search for modern space to replace its Dickensian City headquarters has led to British Land's Plantation House.

The Exchange, which has been in Whittington Avenue for about 100 years, plans to take 9,900 sq ft of space within Plantation House—once the home of the "soft" commodity market—for its new market floor and administrative offices, hopefully by the middle of next year.

On the ground floor, the LME will take a 15-year lease on just over 6,000 sq ft, including a 650 sq ft mezzanine floor to be put in by British Land. The company is currently carrying out an overall improvement programme at Plantation House—now valued at £74.5m against the 1973 purchase price of £27m, but thought to be worth over £100m during the boom—which will ultimately add another 100,000 sq ft net to the current 354,000 sq ft net space.

On the third floor, the LME will occupy more room on a ten-year lease. The cost to it of equipping the new market area and office refurbishing is thought to be about £450,000.

Annual rent is likely to be around £160,000 exclusive, making it a significantly more expensive address than Whittington Avenue.

But members' pressure to end overcrowding and improve facilities has made a move inevitable and the exchange believes the capital outlay can be met from present resources.

The lease on sale on Whittington Avenue, which has 13 years to run at a 1960 rent of around £25,000 a year exclusive, will certainly help meet the cost. Talks with a potential buyer are being held, and a figure in the region of £225,000 has been mentioned.

CBI space goes out to tender

IN THE WAKE of its planned move to Centre Point, the Confederation of British Industry has instructed Jones Lang Wootton to find a purchaser for he lease of its 60,000 sq ft headquarters in Tothill Street, near Parliament Square.

The CBI owns the freehold on the Tothill Street building. It is close to NIOC House, the 200,000 sq ft complex which is being built for the Iranian oil company, but which may well end up with another occupier.

A £4m premium is being asked for the 125-year underlease on the CBI's ageing headquarters, together with a minimum rent of £150,000 a year.

The purchaser will have to carry out extensive modernisation (now costing anything between £30 and £60 a sq ft), and will be required to offer a proportion of the rack rental income after three years, when the refurbishment should be finished.

The property will be sold by tender, with offers closing at noon on January 9, 1980.

The CBI has a fairly short lease left on connecting space with an entrance in Dean Farrar Street and a purchaser will also have the option of taking this on and subsequently renegotiating.

The CBI is spending £3m on preparing its 15 floors at Centre Point and is due to move in next July. It will be paying about £8 a sq ft rent for the 100,000 sq ft taken.

European Community is urged to adopt accommodation policy

THE BRUSSELS office market could be in for a major shake up if just a few of the suggestions outlined in a document prepared by the European Communities' Court of Auditors are translated into official policy.

The court has just prepared a report on the accommodation policies of the communities' institutions—the Commission, Parliament, council, and Economic and social committee—and its principle conclusion seems to be that no policy exists. The deficiency, it suggests, should be quickly remedied.

The report implies that previous attempts to establish the Communities' space needs, and options for financing and ownership have been piecemeal and half-hearted and that a well-defined accommodation policy is long overdue.

According to the court document, the EEC institutions rent just under 382,000 sq metres of space—office, social and storage—in Brussels. Space take-up has been growing at about 4 per cent a year since 1975, average rentals run at around £40 a sq metre, and all accommodation—with the single exception of a sports complex—is rented. The majority of leases are for around nine years.

In setting down what is known about future space requirements in Brussels, the court of auditors says the commission is planning 89,000 sq metres of new space by 1982, and the council is expected to need a new building of 150,000 sq metres by 1995. The parliament is negotiating for a 32,000 sq metres building on Rue Belliard to house extra staff in the wake of this year's direct elections.

But the document is at its most interesting when it sets down some of the options for future accommodation policy. In suggesting that all the bodies involved should co-operate to forecast space requirements over five year periods, the court recommends the adoption of a common standards policy for space (perhaps implying the shedding of a lot of older accommodation), and says the potential for sharing should be fully examined.

The report calls on the institutions to consider seriously whether their apparent preference for renting continues to be sound financial management, or whether purchases would be more advantageous.

It suggests that, in some cases, they might well be better off facing up to capital and financing costs—and acquiring valuable assets in the process—rather than staying with rental agreements. Direct financing via the community budgets or financing by member states or third parties are put forward as alternatives.

The court says it understands why, with the lack of precise indication of how long they might remain in their present locations, the institutions have not pursued a purchasing policy. Long-term planning of accommodation has, it says, been discouraged, and the choice of buildings has been determined almost exclusively by availability in the desired locations. The hope is that a better-defined policy will now emerge.

As for the implications of the court's proposals on the local office market, Mr. Michael Nicholson, of Knight Frank and Rutley's Brussels agency, says the waves could be big ones.

"There is an assumption that the community bodies will always rent and this could now be knocked firmly on the head.

"We could see a situation in which they will start to buy buildings or sites and go out to private contractors to get quotes for buildings. If they do enter the market to buy, we can expect negotiations to get tough, with the purchasers tending to rely more on external property expertise than has previously been the case."

The court of auditors says the fixing of accommodation standards for staff and the co-ordination of negotiating policies and conditions of renting have not received the attention they deserve. It hopes the position will change and warns that it may eventually make further audit examinations—possibly in relation to specific property deals—to see if the institutions have listened to what it has said.

IN BRIEF

- Guinness Peat, the banking to commodities group, has sold its long lease on its 35,000-sq-ft office block in Gracechurch Street, City, for £14m to a major private pension fund. The building is sublet on 25-year lease to Central Trustee Savings Bank at annual rent of about £775,000.
- J. Sainsbury is seeking planning permission from Liverpool City Council to build a 29,400-sq-ft supermarket, with a selling area of 15,000 sq ft, on a former butcher's shop and abattoir at Woolton.
- National Centre House, next door to the National Exhibition Centre at Sheldon, Birmingham, has been sold by City of London Securities to U.S. National Cash Register for £2.8m. Bernard Thorpe acted for City of London.
- Haslemere Estates has let part of its refurbished office building at 27, Throgmorton Street, London, EC2, at close to the asking rent of £13 a sq ft. Hoare Govett, stockbrokers, have taken about 2,300 sq ft and Chicago Mercantile Exchange 1,170 sq ft.
- Fleming Property Unit Trust has sold for £655,000 a Rotherham shop acquired in January this year for £475,000. In the last quarter it has purchased shops in Bedford, Huddersfield, Maidstone and West Bromwich.
- Spillers has sold the remaining portion of the lease on its Cannon Street head office, near St. Paul's Cathedral, for £1.65m to Bernard Sunley, the landlords. The lease expires in 1981 with an option to extend for a further 21 years. Agents Pepper Angliss and Yarwood are looking for a single tenant.

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For further information
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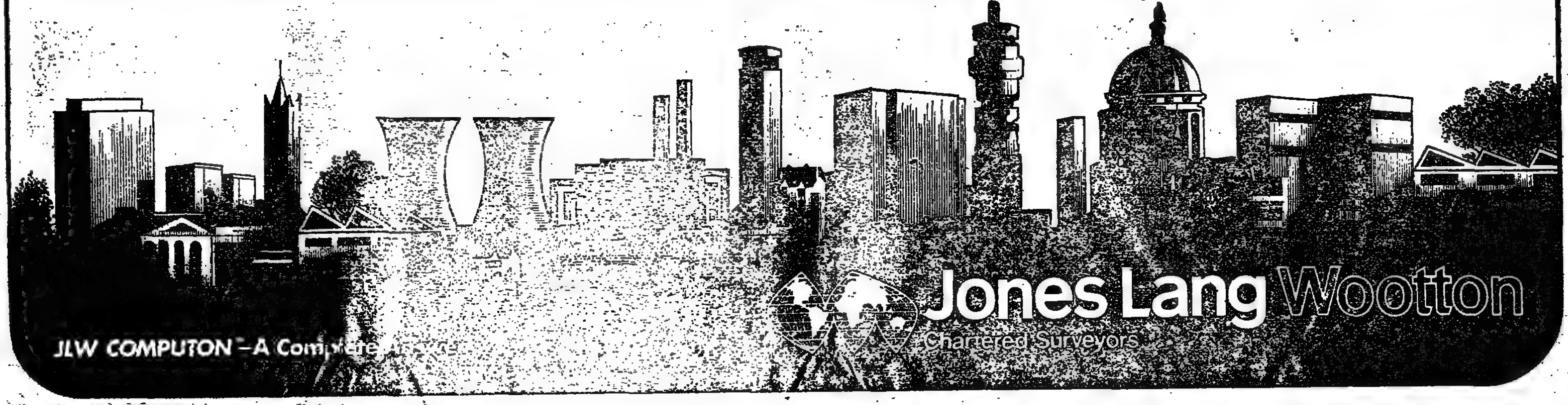

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LOMBARD

Same output for less work

BY ANATOLE KALETSKY

IT IS ironic that the question of working hours, which is at the centre of the bitter struggle in the engineering industry, has been regarded as a red herring by both unions and employers for so long that neither side now seems to recognise the real issues involved.

The unions extol the shorter working week as a cure for unemployment. But, in fact, a reduction in working hours, by raising labour costs in relation to output, would be more likely to increase unemployment than to reduce it, unless it was accompanied by wage cuts or changes in working practices. The employers, for their part, behave as if suggestions of shorter hours were an affront to their intelligence and a threat to their very existence. In fact, constructive negotiations over working hours could provide employers with an excellent way to "buy" better productivity from their workers.

Unlike other incentives that employers can offer their workers, a cut in working time could permit output per manhour to be increased, without raising the employers' wage bill, or reducing the workforce. Suppose, as a simplified example, that an employer offers his workers a 5 per cent real pay increase, in return for guaranteed improvements in working practices which he expects will raise productivity by 10 per cent.

This may look like a reasonable deal for both sides, since the benefits of better productivity are equally shared. But the employer, saddled with a higher wage bill, will actually be worse off unless he sells at least half the extra 10 per cent of output that he now produces.

If demand is slack, the unions may suspect that he will use the extra productivity to lay off 10 per cent of his workforce.

But suppose instead that the employer offers his workers a 5 per cent cut in working time, in exchange for the same improvements in working practices. He will now have 5 per cent more production, without any increase in his wage bill. He may still have difficulty in selling the extra output, but he will certainly be no worse off than before the deal.

Classical economic theorists may protest that an employer should be able to dispose of all his ouptput in a competitive market, provided that he charges the market-clearing price.

But productivity deals are struck by individual employers, struggling to sell their wares in individual, imperfect, markets. If employers and unions perceive no signs of expansion in their own markets, they may feel that, in return for better working practices, it is safer to agree a cut in working time, which would preserve the status quo of output, wage costs and employment, rather than opting for higher wages, which would involve selling extra output or making workers redundant. hen demand starts to grow again, production can be expanded, on the basis of improved working practices.

Of course detailed productivity bargaining can only occur at plant- or company-level. National agreements, like the one in the engineering industry, cannot be hinged on promises of productivity improvements. To that extent the Engineering Employers Federation is right to claim that accepting the unions' demands would be expensive and inflationary. But this begs the question of why the EEF believes that centralised bargaining over conditions is so essential.

It may be that employers and unions have simply not considered working hours sufficiently important to negotiate locally. The systematic working of overtime by most of Britain's manual workers has, at times, made the unions' declared policy of moving towards parity between white-collar and manual workers, with a 35-hour week, look ridiculous. Between 1948 and 1968, for example, the average basic week for manual men fell from 44.5 hours to 40.1 hours, but the average number of hours actually worked remained unchanged, at 46.6.

Since 1969, however, there has been a big drop in the amount of overtime worked. In the past four years, the difference between standard and actual working hours has been lower than at any time since 1958, when the campaign for a 40-hour week got off the ground. In part the reduction in overtime must be due to slow growth since 1974. But it also appears that workers' attitudes have only recently adapted fully to the reductions in working hours that occurred in the 1960s. We may now be on the threshold of another decade of reductions in working hours. Will employers and unions recognise the opportunities that this could provide?

AROUND BRITAIN

KENT

A flying start

BY MICHAEL DONNE

THIS WEEK, a 37-year-old Kent businessman has begun an enterprise that he hopes will save many of his colleagues a wearisome journey of many miles and even hours when they want to make a trip to the near-Continent.

Air Kent, founded by Robin Paine, a former senior captain flying hovercraft between Ramsgate and Calais, began scheduled services on Monday between Manston airport, in the extreme eastern tip of the county, and Brussels and Rotterdam.

Using two eight-seater, Piper Navajo Chieftain twin-turbo-prop aircraft, Air Kent is making five flights a day each way every weekday between Manston and Brussels, and two a day each way between Manston and Rotterdam. Fares are £43 single to Brussels and Rotterdam, or £86 return.

Robin Paine's philosophy is simple. "At present, businessmen who live anywhere east of a line, say, from Dartford to New Romney, in an area which takes in Maidstone and the other Medway towns, Ashford, and much of the East Kent Coast, have to travel up to 100 miles westward—in the wrong direction—on the ground, to get to Heathrow or Gatwick if they want to go to Brussels, which is only 140 miles away. They have to travel, moreover in horribly crowded conditions on the roads, and not much better in the air."

By offering them a simple air service direct to Brussels and Rotterdam from the former Battle of Britain airfield at Manston, he is providing not just a much simplified, cheaper and shorter journey, but many other conveniences, too.

"Car parking is free at Manston," he says, "which is something worth considering when one thinks of today's parking charges at either Heathrow or Gatwick. Driving conditions in East Kent are good, too, so there is a petrol saving. Ramsgate station is only two miles from the airport, with frequent taxis available, and regular trains to London, while rail services to North, Mid and West Kent are also good."

All the usual facilities will be available on board in the shape of duty-free goods, free drinks in flight, while coffee and other refreshments will be available on the ground at either end of the flight.

It is estimated that upwards of 100 business organisations in East Kent have personnel who travel regularly, and many of them make long hauls. Robin Paine's argument is that with Air Kent's excellent interline relations with Sabena, through which Air Kent bookings can be made, it will be possible to make a long-haul connection at Brussels just as quickly, and certainly more comfortably, for an East Kent businessman than travelling via Heathrow or Gatwick.

"We intend to give the weekday traveller many of the forgotten pleasures of old-style flying in the modern manner. I shall be there most days to welcome passengers and to escort them to their aeroplane and the pilots will be their travelling companions. We believe this is the kind of service the time-conscious businessman will appreciate. After 50 minutes of cossetting, he will step off in Rotterdam or Brussels beside the larger airliners, having saved a great deal of time, money and energy."

Setting up the new airline has not been easy. One major difficulty was winning the operating licence against the opposition of bigger airlines genuinely frightened of potential business losses. Another was that of providing a full-time immigration service at Manston Airport — a battle that was only won after the personal intervention of Mrs. Margaret Thatcher, the Prime Minister, following questions in the Commons and a good deal of behind-the-scenes prodding from Mr. Jonathan Aitken, MP for Thanet East.

Robin Paine expects to carry more than 11,000 passengers between Manston and Brussels and 5,500 between Manston and Rotterdam during the first year of the service. He has deliberately chosen the small, light-passenger, two-pilot Piper Navajo Chieftain because it is cheap to fly, and is a thoroughly well-proven aircraft world-wide, with a good spares and service backing in the UK.

He admits that, in the past, too many small new airlines have foundered because they were over-ambitious in the types of aircraft they used. "We are beginning small, and hoping to grow into the business that we think is available, rather than starting big and hoping the business will grow into us," he says.

The Civil Aviation Authority, in granting Air Kent its licence to fly, accepted this argument, rejecting the objections of the bigger airlines such as British Airways, British Caledonian, British Island Airways and even Hoverlloyd, the hovercraft operator.

The CAA concluded that Air Kent should be able to operate profitably from a peripheral airfield such as Manston (where it will be the only passenger service operator) while being sufficiently small not to be detrimental to the services of the bigger carriers from Heathrow and Gatwick. Air Kent, in fact, does not want to clash with its bigger brethren. "We feel there is room for us, and that we can generate our own market," says Mr. Paine.

Robin Paine himself has been associated with travel all his working life. Born in New York in 1942, he joined British India Steam Navigation in 1959 as a deck cadet, and later obtained a Master Mariner's Foreign-Going Certificate and a Private Pilot's Licence. He served with Cunard on transatlantic passenger and cargo routes, and as a chief officer with Townsend Ferries before joining Hoverlloyd in Ramsgate in 1969 at the start of that company's cross-Channel Hovercraft operations. He became a captain with Hoverlloyd in 1971.

In 1971, Robin Paine, with two others, founded what is now Marinair Travel Services, one of East Kent's leading travel agency chains with five retail outlets and a business travel department. It was through Marinair's customers that he first began to think of local air commuter services to the Continent. With some support from local businessmen and the City he set up Air Kent—the trading name of Thanet European Air Services—earlier this year, to meet the needs of local people and those from the Medway towns who "are fed up with the obstacle courses they have to negotiate in getting to either Heathrow or Gatwick.

"We have already gained tremendous encouragement from local industrial and commercial houses who claim there is an urgent need for a service of this kind," he says. "Our aim is to provide that service, and we are confident we can grow with demand."

Swinging Trio for Gold Cup

RACING

BY DOMINIC WIGAN

SWINGING SAM and Ishiyama, two offspring of the Sica Boy mare Hi-Conkers, could both win at Ayr this afternoon. Swinging Sam is favourite for the Ladbrokes Ayr Gold Cup, and Ishiyama should be prominent in the Buchanan Selling Stakes.

Robert Armstrong's team is in tremendous form and it is not surprising to find only 8-1 available about Swinging Sam with the sponsors. The Newmarket four-year-old comfortably conquered Oh Simmie in Redcar's Bass Rosebowl, then beat Touch Pirate more easily than the threequarters of a length margin might suggest in Friends of the Variety Club Handicap at Ripon on the first of this month. Swinging Sam never looked in trouble in that event, and in giving 19 lbs to the runner-up he almost certainly put up a better performance than at Redcar.

My narrow preference this afternoon, however, is for another son of Swing Easy, John Sutcliffe's lightly weighted Swinging Trio. Although he ran inexplicably badly in a handicap at Ascot last time out, this son of Algarve previously put up two highly creditable displays at Yarmouth and Salisbury within six days.

A length winner from Glenburnie while carrying 2 lbs more at Yarmouth, Swinging Trio followed up in far stronger company at Salisbury when disposing of a smart field of sprinters for the £3,000 Hare Warren Today he is ridden by the 3 lbs claimer, Walter Swinburn.

If Swinging Trio can find his Salisbury form again (and I feel his Ascot running is best forgotten) he may be able to take advantage of the 19 lbs he receives from Swinging Sam.

Ishiyama, who has come from Radlett, Hertfordshire, has not been out for a long while. But this bay daughter of Owen Anthony is reported in fine trim and I feel sure she would not have been sent on this expensive trip were her connections not hopeful of winning. She is suggested as the afternoon's best bet at Ayr. Red Sox, who has not raced for even longer, can take the Kintyre Stakes.

At Newbury, Greenland Park, whose trainer W. Hastings-Bass gained a victory through St. Theresa at Ayr on the corresponding day a year ago can land the Marlborough Stakes.

AYR

2.00—Golden River**
2.30—Icato
3.05—Swinging Trio
3.35—Nationwide
4.05—Ishiyama***
4.35—Dunderave
5.05—Red Sox

NEWBURY

2.00—Greenland Park
2.30—Henbit*
3.00—Idle Our Queen
3.30—Battle Wind
4.00—Tudor Rhapsody
4.30—Wadi Ali

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You And Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill At One. 1.45 How Do You Do? 2.02 For Schools, Colleges. 3.20 Troi'r Dail. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Captain Caveman. 4.40 Charlie Brown. 5.10 The Red Hand Gang. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 Some Mothers Do 'ave 'em
7.25 What A Carry On: "Carry On Doctor"
9.00 News
9.25 Petrocelli
10.15 Points of View (London and South-East only)
10.20 The Jack Benny Show (London and South-East only)
10.45 Regional, National News
10.50 The Late Film: "Targets" starring Boris Karloff.

All Regions as BBC-1 except at the following times:

SCOTLAND — 9.25-9.45 and 11.00-11.20 am For Schools. 5.55-6.20 Reporting Scotland. 10.15 Beechgrove Gardeners at Large—George and Jim Go Dutch (The gardening scene in Holland). 10.45-10.50 Regional, National News.

WALES — 1.45-2.00 pm Y Cowboi Bach (cyfres) Puppets. 2.02-2.22 I Ysgolion. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15-7.25 Barney Bear. 10.15 Intermezzo on Interstate 5. 11.05 News for Wales. 11.06-11.55 The Rockford Files.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Belfast Afloat (Portrait of HMS Belfast). 10.45-10.50 Regional, National News.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Seven Burnhams; Midlands (Birmingham) Erosions of Grandeur; North (Leeds) Atkinson, Huby; North East (Newcastle) Two-to-One; North West (Manchester) Home Ground; South (Southampton) Cusden on Location; South West (Plymouth) Journeys Into Light; West (Bristol) Summer Serenade.

BBC 2

6.40-7.55 am Open University
11.00 Play School
2.15 pm Racing From Newbury
4.15 International Badminton
4.50 Open University
6.55 Gardeners' World
7.25 Mid-Evening News
7.35 It's A Dog's Life
8.05 Kilvert's Diary
8.20 John Laurie in "The Old Boy Network"
†9.00 "The Maltese Falcon," starring Humphrey Bogart, Peter Lorre and Sydney Greenstreet
10.40 Late News
10.55 Darts: The Unipart World Team Matchplay
11.45 International Badminton (highlights)
12.30 am Closedown

CHANNEL

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

1.20-1.30 pm Channel Late News, What's on Where. 5.00 Puffin's Birthday Greetings. 5.05 Kum Kum. 5.30 Friends of Man. 6.00 Report at Six Extra. 7.00 McMillan. 8.15 Feature Film: "Call of the Wild." 9.55 Channel Late News and Weather. 10.00 Mannix. 10.55 News in French.

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Al Matthews. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S) including Racing from Ayr. 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Quote . . . Unquote (S). 7.30 Fiesta de Dorita (S). 8.02 Friday Night is Music Night (S) including 8.40-9.00 A visit to France. 9.55 Sports Desk. 10.02 Victor Sylvester Junior at the Radio 2 Ballroom. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 You and the Night and the Music with Tim Gudgin (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composers: Cavalli and Cassaini (S). 9.55 BBC Northern Ireland Orchestra (S). 10.45 A Russian Concert, part 1 (S). 11.35 Interval Reading. 11.40 Concert, part 2. 12.20 pm BBC Northern Symphony Orchestra Concert, part 1: Elgar, McCabe (S). 1.00 News. 1.05 Playbill (S). 1.20 BBC Northern SO Concert, part 2: Tchaikovsky (S). 2.00 The Arts Worldwide. 2.20 American Piano Music (S). 3.05 Karajan: The Early Years. 4.25 Comparing Notes with Christopher Hogwood (S). 5.25 Homeward Bound (S) including 5.45. 5.50 News (4 and mono only from 5.45). †6.15 At Home. 7.10 Pied Piper with David Munrow (S). 7.30 Master and Pupil: Leschetizky and Moiseiwitsch. 8.00 Celibidache and the LSO, part 1: Mozart, Sibelius (S). 8.45 Decaying Splendours (Bangalore Palace). 9.05 Celibidache and the LSO, part 2: Prokofiev (S). 10.00 In A Nutshell (S). 10.10 Music Now. 10.55 Sacred Garden Of Delights (S). 11.55-12.00 News

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Diary of a Somebody. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way visits Beverley, Humberside. 11.40 Announcements. 11.45 Listen with Mother. 12.00 News. 12.02 pm You And Yours. 12.27 The Enchanting World of Hinge and Bracket (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Bristol. 3.00 News. 3.05 "The Girl Who Came To Supper," musical by Noel Coward (S). 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending. 10.55 Sounding Off. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Travels of a Gentleman. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 London Live. 3.03 Paul Owens' Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am As Radio 2.

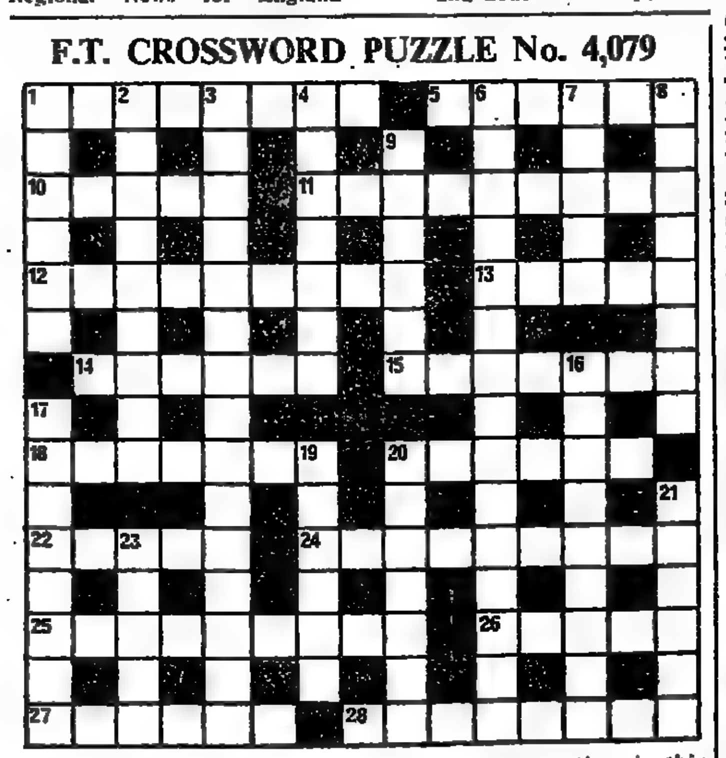
London Broadcasting

5.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm. LBC Reports with Max Miller and Alan Clark. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports with Paul Ingrams and Alan Clark. 8.00 After Eight with Therese Birch. 9.00 Nightline with Steve Jones. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Hugh Williams. 4.00 Our Kind of Town. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S) 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Open Line with Ric Davis (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am John Sach's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,079



ACROSS

1 Sent around coin for deposit (8)
5 Trembling like fish (6)
10 Tear into fragments rubbish initially found in outhouse (5)
11 Move quickly in the neighbourhood in appeal for contributions (4-5)
12 To be superior before having advanced is very good (9)
13 Giant bird takes article (5)
14 Aerial component clumsily piled around ring (6)
15 Find new accommodation for her returning to river (7)
18 Respect new apparition (7)
20 Trim a tree (6)
22 Give reason to believe there is start of rampant fever outside (5)
24 A bodily firmness met round the north in reconciliation (9)
25 Female monster is a bore on eastern ship (9)
26 Called Oriental to get the distance (5)
27 Dwell with soldiers joining team (6)
28 Fly rod I assembled with learner blushingly (8)

DOWN

1 My set's to be adjusted—that's the plan (6)
2 I've - to follow straight forward instruction (9)
3 Neutral course followed by non-extreme politician (6-2-3-4)
4 At the present time in this place yet not in any place (7)
6 Exaggeration to Indian servant and ambulance attendant (9-6)
7 Mature notice in the last month (5)
8 Conclude with wrath and expose to injury (8)
9 Healthier engineer (6)
16 Male relative with article to editor that needs polishing up (9)
17 Person from Jersey I defame? (8)
19 Rubber has rather a serious part (6)
20 Wedding could possibly make up a loss (7)
21 Metallic pen for swine with fish inside (6)
23 Inform about marijuana (5)

Solution to Puzzle No. 4,078

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

JON ELLIOT (FASHIONS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., Situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday, the 2nd day of October 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 14th day of September 1979.

By Order of the Board, M. ISAACS, Director.

IN THE MATTER OF PUTNEY CASTINGS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 24th day of October, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of September 1979.

PHILIP MONJACK, Liquidator.

THE COMPANIES ACTS 1948 TO 1976

STERN (LONDON) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., Situated at 3/4 Bentinck Street, London W1A 3BA, on Friday, the 28th day of September 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 13th day of September 1979.

By Order of the Board, DAVID LANZKRON, Director.

IN THE MATTER OF THE COMPANIES ACT, 1948 AND IN THE MATTER OF GUY NORRIS LIMITED

Registered Office: 7, Trinity Square, Colchester, Essex.

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at Winchester House, London Wall, London, E.C.2, on Tuesday, 9th October 1979, at 3.00 p.m. for the purpose mentioned in Section 294 et seq of the said Act.

Dated this 14th day of September 1979.

By Order of the Board, G. M. NORRIS, Director.

IN THE MATTER OF THE COMPANIES ACTS, 1948 TO 1967 AND IN THE MATTER OF F. C. SEAGER & SON LIMITED (In Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948 that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at the Offices of FLOYD NASH & CO., Chartered Accountants of 23, Clifford's Inn, Fetter Lane, E.C.4, in the City of London, on Friday the 26th day of October 1979 at 3 p.m. to be followed at 3.30 p.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 17th day of September, 1979.

R. E. FLOYD, F.C.A., Liquidator.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight & Tues. 7.30: La Traviata. Tomor. 7.30: Die Fledermaus. Wed. 7.00: Aida. Thurs. 7.30: La Cenerentola. 104 balcony seats avail. from 10 am on day of perf.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit cards 836 6903). Last week NEW YORK CITY BALLET. Eves. 7.30. Mats. Sat. 2.00. Few seats avail. Red. price mats. (incl. students at £2.50). 65 Amphi. seats avail. for all perfs. from 10 am on day of perf.

SADLER'S WELLS THEATRE. CC. Rosebery Ave., EC1. 837 1672. Last week. SADLER'S WELLS ROYAL BALLET. Eves. 7.30. Mats. Sat. 2.30. Tonight & Tomor.: Meadow of Proverbs, La Fete etrange, Pineapple Poll.

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. 837 1672. Sept. 24-Oct. 6. Evgs. 7.30. Mats. Sats. 2.30. PACO PENA'S FLAMENCO COMPANY. "A blaze of Spanish sunshine." E. News.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evenings at 7.30. Mats. Thurs. at 3.00 and Sat. 4.00. JOHN INMAN in "GLORIOUS FARCE," Daily Telegraph. CHARLEY'S AUNT. LAST TWO WEEKS.

ADELPHI. CC. S. 01-836 7611. A SUMPTUOUS NEW PRODUCTION OF MY FAIR LADY. OPENING OCT. 25 at 7. Subs.: Evgs. 7.30. Sats. 4.00 and 7.45. Mats.: Thursdays at 3.00. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS and ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Reduced price previews OCTOBER 10 to 24. Book Now Adelphi Theatre and Agents. Credit card and party bookings 836 7611.

ALBERY. From 8.30 am incl. Suns. 836 3878. CC bookings 836 1071-3. Evgs. 7.45. Thurs. and Sat. 4.30 and 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER. "MIRACULOUS MUSICAL." Financial Times. With ROY DOTRICE, SALLY BENTLEY, MARGARET BURTON. Party rates and student stand-by avail.

ALDWYCH. CC. 836 6404. Info 836 5332. Fully air conditioned. ROYAL SHAKESPEARE COMPANY in repertoire. Ton't., Tomor. 7.30. Sat. 2.00 & 7.30. LOVE'S LABOUR'S LOST. "As perfect as anything can be this side of heaven," Gdn. "The evening offers nothing but enchantment." S. Express. With: Moss Hart and George S. Kaufman's comedy ONCE IN A LIFETIME (next perf 27 Sept.). Now bkg. Gorkys CHILDREN OF THE SUN (low price prevs from 3 Oct). RSC also at THE WAREHOUSE (See under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES by James Saunders. "ITS IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEMS ELECTRIFIES." Daily Mail. BODIES. "WHEN WE HAVE LAUGHED AT ITS WIT, BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOUR AND LAYERS OF ITS LANGUAGE, BODIES STILL RAISES ECHO AFTER ECHO IN OUR MINDS AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." Bernard Levin. BODIES. MR. LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN LONDON." E. News.

APOLLO THEATRE. CC. 01-437 2663. Evs. 8.0. Sat. 5.0 and 8.0. Mat. Th. 3.0. IAN LAVENDER, TERENCE EDMUND, JULIA FOSTER in HAPPY BIRTHDAY. A VERY FUNNY NEW COMEDY BY THE AUTHORS OF BOEING BOEING. "FEYDEAU LIVES CA VA!" Gdn. "IT WILL PROBABLY RUN AND RUN." Daily Mail.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious . . . do see it." Sun. Times. Monday to Thursday 8.30. Friday and Saturday 7.00 and 9.15. NOW IN ITS FOURTH YEAR. Lowest-priced best seats in London. £4.00, £3.55, £1.60 plus 15p temp. members.

ASTORIA. Charing X Rd. S. CC. 01-734 4291 or 439 8031. Mon.-Thurs. 8 pm. Friday and Saturday 6.00 and 8.45 pm. LAST 3 DAYS. LIVE ON STAGE "GREASE". "ENERGY AND VITALITY AND SHEER EXUBERANCE." Daily Express. "GREASE". "AS SLICK, SMOOTH AND SLEEK AS "GREASE" SHOULD BE." The Sun. Group bookings 01-437 3856. Concessions for Children.

BOULEVARD TH. at the Raymond Revue Bar, Walkers Ct., Brewer St. CC. Tel. 01-437 2661. OPENS MON. SEPT. 24TH. Paul Raymond presents Queen of America's Sex Films MARILYN CHAMBERS. Exclusive British Appearance LIVE ON STAGE. Plus Banned by the Censor, the Hottest look at sexual permissiveness ever! Twice nightly Mon.-Sat. 8 & 10 pm.

CAMBRIDGE. 01-836 6056. CC 01-836 7040. Mon. to Fri. 8.00. Th. 3.00. Sat. 5.00 and 8.30. THE HIT BROADWAY MUSICAL GREAT FAMILY ENTERTAINMENT CHICAGO. "A TRIUMPH." Gdn. "A HIT." People. CHICAGO. "THERE HASN'T BEEN A MUSICAL IN LONDON FOR A LONG TIME THAT COMES WITHIN A MILE OF IT." FT. CHICAGO. "THE BRIGHTEST, BOUNCIEST MUSICAL COMEDY IN TOWN." NoW. CHICAGO. "WILL BE DELIGHTING LONDON FOR A LONG TIME." Evening Standard. CHICAGO. "AN UNDOUBTED SUCCESS." D. Tel. CHICAGO. "ALL RAZZLE DAZZLE." E. News. "WIT AND STYLE." Daily Express. CHICAGO. "THERE IS NO COMPARABLE MUSICAL IN LONDON TODAY." S. Telegraph. CHICAGO. "A SUPER EVENING'S ENTERTAINMENT." Sunday Express. CHICAGO. "THOUSAND WELCOMES . . . IT WOULD BE A CRIME TO MISS IT." Daily Mirror. Reduced prices for Groups 01-836 6056 and 01-437 3856. Student nurses, OAPs standby £1.50.

COMEDY THEATRE. CC 01-930 2578. Mon.-Sat. 9.00. Mats. Fri. & Sat. 6.30. THE ONLY ROCK 'N' ROLL SHOW THE ROCKY HORROR SHOW.

CRITERION. From 8.30 am incl. Suns. 930 3216. CC bookings 379 6565. Mon.-Thurs. 8. Fri. and Sat. 5.45 & 8.30. IAN McKELLAN, TOM BELL. "I DOUBT THAT THERE ARE TWO FINER PERFORMANCES IN LONDON." Punch. BENT by Martin Sherman. Directed by Robert Chetwyn. "FASCINATING . . . A WORK OF CONSIDERABLE DIGNITY AND PASSION." Guardian.

THEATRES

DUCHESS. 01-836 8243. Mon. to Thurs. Evs. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Mail. 10th INCREDIBLE YEAR.

DRURY LANE. CC. 01-836 8108. Opens September 25th at 7.00. Previews from TOMORROW 8.00. CAROL CHANNING in HELLO DOLLY with Eddie Bracken. Box Office now open. GROUP BOOKINGS 01-730 2293.

FORTUNE. CC. 01-836 2238. Evs. 8.00. Thurs. 3.00. Saturdays 5.00 and 8.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE. FIFTH GREAT YEAR.

GARRICK. CC. 01-836 4601. Evs. 8.00 (sharp). Wed. 3.00. Sat. 5.30 and 8.30. GARETH HUNT in IRA LEVIN'S DEATH TRAP. "BEST THRILLER." Daily Telegraph. "VERY INGENIOUS. VERY FUNNY, VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Mon. to Fri. 8.00. Mats. Wed. 3.00. Saturdays 5.00 and 8.30. ANTON RODGERS, GEMMA CRAVEN, DIANE LANGTON, ANDREW C. WADSWORTH, DAVID HEALY in SONGBOOK. A new musical by MONTY NORMAN and JULIAN MORE. "A TOUCH OF MUSICAL MAGIC." NoW. "THIS STUNNING OCCASION. THE BEST BRITISH MUSICAL OF THIS YEAR AND A FEW GONE BY." Fin. Times. "VERY FUNNY, OFTEN HILARIOUS, RECEIVED WITH DELIGHT." Evg. Standard. "THE CAST IS BRILLIANT." Evg. News.

GREENWICH THEATRE. CC. 01-858 7755. Opens Tonight 7.00. Subs. 8.00. Mat. Sats. 2.30. THE PASSING OUT PARADE by Anne Valery.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. GERALD HARPER, KATE O'MARA in The SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by Paul Giovanni. "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." E. News.

HER MAJESTY'S. CC. 01-930 6606. Evgs. 8.00. Mats. Wed. 3.00. Sat. 4.15 and 8.15. Can you guess who dunnit? in THE CASE OF THE OILY LEVANTINE the new play by ANTHONY SCHAFFER AUTHOR OF SLEUTH. Starring HYWEL BENNETT. "ANTHONY SCHAFFER'S LATEST THRILLER TO END ALL THRILLERS PARODIES THE CLASSIC AGATHA CHRISTIE COUNTRY HOUSE MURDER MYSTERY." N.o.W. "A MAZE FULL OF PLEASURE TWICE AS SLIPPERY AS SLEUTH AND WICKEDLY INGENIOUS." E.D.P. "A SPOOF OF ALL THOSE AGATHA CHRISTIE TYPE MYSTERIES OF THE 30s." D. Exp.

KING'S HEAD. 226 1916. Dinner at 7.30. Show at 8.30. FIFTY WORDS BITS OF LENNY BRUCE. "SHEER BRILLIANCE." Time Out. AN EVENING OF SHEER REVERBERATIVE RICHNESS. LAUGHTER AND DELIGHT." Guardian. "WITTY, PROVOCATIVE SHOW." E.Std. "A FUNNIER EVENING THAN I COULD EVER IMAGINE SPENDING WITH LENNY BRUCE HIMSELF." What's On.

LYRIC HAMMERSMITH. 01-741 2311. Now rebuilt and restored to its original Victorian splendour. Theatre opens 18 Oct. Booking open now for Shaw's comedy YOU NEVER CAN TELL.

LYRIC THEATRE. CC. 01-437 3686. Evgs. 8.00. Mats. Wed. and Sat. 3.00. JESSICA TANDY, HUME CRONYN in the Award-winning Comedy THE GIN GAME. Directed by MIKE NICHOLS. "TWO RARE AND SUPREME PERFORMANCES." Guardian. "EXTREMELY FUNNY." New Yorker. LAST 3 WEEKS. MUST END 6 OCT.

MAYFAIR THEATRE. 01-629 3036. From Sept. 28 Evgs 8.0. Fri & Sat 6.0 & 8.30. George Sewell, Dermott Walsh in THE HIT THRILLER WHO KILLED AGATHA CHRISTIE? "The best thriller since 'Sleuth'." New Statesman.

NATIONAL THEATRE. CC. 928 2252. OLIVIER (open stage): Ton't 7.30, Tomor 2.45 & 7.30 UNDISCOVERED COUNTRY by Arthur Schnitzler in a version by Tom Stoppard. LYTTELTON (proscenium stage): Ton't 7.45, Tomor 3.0 & 7.45 DEATH OF A SALESMAN by Arthur Miller. COTTESLOE (small auditorium): Mon to Sat at 8.0 WINGS by Arthur Kopit. Excellent cheap seats from 10 am day of perf all 3 theatres. Car park. Restaurant 928 2033. Credit card bookings 928 3052.

OLD VIC. 928 7616. London Mime Theatre "Future Fool". Evenings 7.30. Old Vic Company Repertoire Season. 18th-century comic opera and farce. THE PADLOCK / MISS IN HER TEENS. Previews from Sept. 28. For further information on the season ring 261 1821.

OLD VIC. 928 7616. English Music Theatre in the world premiere of the first Kabuki Opera "An Actor's Revenge" by Miki (5th, 6th, 10th, 12th October). And Mozart's La Finta Giardiniera (9th, 11th, 13th October).

OPEN SPACE. 387 6969. Tues to Sun 8. Brecht's PRIVATE LIFE OF THE THIRD REICH. "One of his (Brecht's) most necessary works—chilling." Guardian.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri., Sat. 6.00, 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber. Group sales Box Office: 01-379 6061 or Freephone 2351.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in Rodgers and Hammerstein's THE KING AND I. Also starring Virginia McKenna. HOTLINE 01-437 2055. Evenings 7.30. Mats. Weds. at 2.45.

PHOENIX THEATRE. CC. 01-836 2294. Evs. 8.00. Wed. 3.00. Sat. 5.00 and 8.30. SUSAN HAMPSHIRE, PATRICK MOWER in NIGHT AND DAY. A new play by TOM STOPPARD. Directed by Peter Wood. BEST PLAY OF THE YEAR. Evening Standard Drama Award.

PICCADILLY. From 8.30 am incl. Suns. 437 4506. CC bookings 836 1071. Evs. 8.00. Thurs. 3 and 8. Sat. 5.30 and 8.30. PETER BARKWORTH, HANNAH GORDON in Brian Clark's new play CAN YOU HEAR ME AT THE BACK? "WONDERFUL PLAY WITH WONDERFUL PERFORMANCES." NoW. "ARTICULATE AND WITTY." D. Exp. "A SUPERBLY ABSORBING PIECE OF ENTERTAINMENT." The Sun.

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs. at 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES. CC. 01-930 8681. Card bookings 930 0846. Mon., Thurs. 8.00. Fri. and Sat. 6.00 and 8.45. LAST WEEKS. MUST END 29 SEPT. Michael Denison, Dulcie Gray. ALAN AYCKBOURN'S smash-hit comedy BEDROOM FARCE. "If you don't laugh, sue me." D. Exp. A National Theatre Production.

QUEEN'S THEATRE. S. CC. 01-734 1166. Mon-Fri. 8. Wed. Mat. 3. Sat. 5 and 8.15. JULIA McKENZIE, MAUREEN LIPMAN in a comedy by Richard Harris. OUTSIDE EDGE. "A PERFECT MATCH for the WEST END. FRESH, FUNNY & INGENIOUS." Dly. Mail. "QUITE SPLENDID." S. Exp. OUTSIDE EDGE. "THIS EXCELLENT COMEDY." Standard. Over 500 performances.

THEATRES

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Opens Tue 7. Subs. Ev. 7.30. London Premiere of GOGOL by Richard Crane.

ROUNDHOUSE. Tel. 01-267 2564. Nat. Youth Theatre in MIDSUMMER NIGHT'S DREAM. Evgs. 7.00. Mats Tues to Fri 2.30.

RAYMOND REVUEBAR. CC. 734 1593. At 7.00, 9.00, 11.00 pm. Open Sun. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. 22nd sensational year. Fully air-conditioned.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Evs. 7.30. London Premiere of GOGOL by Richard Crane.

ROYAL COURT. 730 1745. Mon. to Fri. 8.00. Sat. 5.30. THE GORKY BRIGADE by Nicholas Wright. "Fine inventive production." F. Times.

ROUNDHOUSE. Tel. 01-267 2564. Nat. Youth Theatre in MIDSUMMER NIGHT'S DREAM. Evgs. 7.00. Mats. Tues. to Fri. 2.30.

ST. GEORGE'S—The Only Elizabethan Th. Tufnell Park Road, N7. 607 1128. Evgs. 7.30. Ton't Tomor. JULIUS CAESAR. Mon. next to Sat. AS YOU LIKE IT. 24-hour booking service.

ST. MARTIN'S. Credit cards. 836 1443. Evgs. 8. Mat. Tues. 2.45. Sat. 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN.

SAVOY THEATRE. 01-836 8888. Credit Cards 01-734 4772. LESLIE PHILLIPS, TERRY SCOTT, JUNE WHITFIELD, SYLVIA SIMS in NOT NOW DARLING by Ray Cooney and John Chapman. Reduced price previews from Oct. 31. Mon.-Thurs. 8.00. Fri. and Sat. 5.45 and 8.45. Group bookings 01-437 3856.

SAVOY THEATRE. 01-836 8888. Credit Cards 01-734 4772. "BILL PATERSON . . . one of those rare young lions of British Theatre." FT. WHOSE LIFE IS IT ANYWAY. PLAY OF THE YEAR. WEST END THEATRE AWARDS by Brian Clark. "Momentous play, I urge you to see it." Guardian. Evgs. 8. Sat. 5.45 and 8.45. Red. price Mat. Wed. 3.0. Last Weeks. Ends Oct 27.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sat. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH. LONGEST-RUNNING COMEDY IN THE WORLD. Directed by Allan Davis. GOOD SEATS AVAILABLE £2.50 to £5.50. £1 OFF all tickets booked and paid for 4 weeks in advance!

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS. From 8.00: Dining and Dancing. 9.30: SUPER REVUE BUBBLY. At 11: ROLF HARRIS.

VAUDEVILLE. CC. 01-836 9988. Evs. 8. Mat. Wed. 2.45. Sat. 5 and 8.30. EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT. "Sheer magic." Financial Times. "This is Eliot's greatest play." D. Tel.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. ANNIE. "BLOCKBUSTING SMASH-HIT MUSICAL." Daily Mail. Best Musical of the year 1978. E. Stand.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Company. Ton't., Tomor. 7.30 premiere Nigel Baldwin's MEN'S BEANO. All seats £2.10. Students £1.10. Adv. bkgs. Aldwych.

WHITEHALL. CC. 01-930 6692-7765. Monday to Thursday 8.00. Fri. and Sat. 6.10 and 8.50. IPI TOMBI. "It's a foot-stamping pulsating action-packed African musical." News of World. FOURTH GREAT YEAR.

WESTMINSTER. CC. S. 01-834 0283. Evgs. 7.45. Mats. Wed. and Sat. 3.00. GILBERT AND SULLIVAN'S THE MIKADO. "The best Mikado I've seen." What's On. "A surprise and a delight." The Stage. Tickets £3.25, £4.25, £5.25. SEASON ENDS OCT. 20th. JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT. November 1st-Jan. 19th. Book NOW. Ring 01-834 0283.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Sun. 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Fourth great year. Now showing new second edition. New girls, new acts, new production.

WYNDHAM'S. From 8.30 am incl. Suns. 01-836 3028. Credit card bkgs. 379 6565. Mon.-Thurs. 8.00. Fri. and Sat. 5.15, 8.30. "ENORMOUSLY RICH." Mary O'Malley's smash-hit comedy ONCE A CATHOLIC. "Very funny." Evening News. "Surefire comedy on sex and religion." Daily Mail. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. Ton't & Tomor. 7.30 & then from Oct 3. HAMLET.

CINEMAS

ABC 1 and 2, Shaftesbury Ave. 836 8861. Sep. Perfs. All seats bookable. 1: THE DEER HUNTER (X). Wk. & Sun. 2.15, 7.30. 70 mm Dolby stereo (last 6 days). 2: PHANTASM (X). Wk. and Sun 2.00, 5.30, 8.30. Late show Tonight & Sat 11.15.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: Peter Bogdanovich's SAINT JACK (X). Progs. 3.25, 5.50, 8.15. 2: J. R. R. Tolkien's THE LORD OF THE RINGS (A). Progs. 3.05, 5.40, 8.20. 3: George Hamilton LOVE AT FIRST BITE (AA). Progs. 3.40, 5.50, 8.00.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 636 0310 (opp. Tottenham Court Rd. tube). 1: Woody Allen MANHATTAN (AA). Progs. 12.50, 2.50, 4.50, 8.50. 2: QUADROPHENIA (X). Progs. 1.30, 3.45, 6.10, 8.35. 3: HANOVER STREET (A). Progs. 1.40, 4.00, 6.20, 8.40. 4: J. R. R. Tolkien THE LORD OF THE RINGS (A). Progs. 1.00, 3.25, 5.50, 8.20. 5: PORRIDGE (A). TO RUSSIA WITH ELTON (U). Sep. perfs. 2.00, 5.15, 8.00.

CLASSIC, Leicester Square. 930 6915. David Carradine DEATHSPORT (X). 12.05, 3.10, 6.15, 9.20. DYNAMITE WOMEN (X). 1.30, 4.35, 7.40.

CLASSIC POLY, Oxford Circus (Upper Regent Street). 637 9863. Peter Bogdanovich's SAINT JACK (X). Progs. 3.25, 5.50, 8.15.

CURZON, Curzon Street, W.1. 499 3737. LEE REMICK in THE EUROPEANS (U). Progs. 2.00 (not Sun.), 4.05, 6.20, 8.40. "All near perfection as one could wish . . . a treat of a film." Alexander Walker, Evening Standard.

LEICESTER SQUARE THEATRE. 930 5252. THE CHINA SYNDROME (A). Sep. progs. Dly. 1.15, 4.45, 8.15. Late show Fri. & Sats. 11.45 pm. Seats bkble at Box Office or by post for 8.15 prog. Mon.-Fri. and all progs. Sat. & Sun. No late show booking.

ODEON LEICESTER SQUARE (930 6111). ALIEN (X). Sep. perfs daily, doors open 12.30, 4.00, 7.30. Late Night Show every Night doors open 11.15 pm. All seats bkble in advance at Box Office or by post. Except late night show Sun., Mon., Tue., Wed.

ODEON MARBLE ARCH W2. 723 2011-2. MOONRAKER (A). Sep. perfs. Wks. doors open 1.00, 4.20, 7.45. Sun. doors open 3.00, 6.45. Late Night Show Fri. & Sat. 11.15 pm. Evening perf and weekends bkble in advance.

PRINCE CHARLES, Leic. Sq. 437 8181. World Premiere Presentation SCUM (X). Sep. Perfs. Dly. (inc. Sun) 12.30, 3.45, 6.55, 9.15. Late Show Nightly 11.45. Seats Bkble. Lic'd Bar.

THE ARTS

Olivier

As You Like It

by B. A. YOUNG

Many of my colleagues, I am sure, get those letters that begin "I know it is not done to write to critics, but . . ." and go on to explain some point in a performance that seems to have been misunderstood. My reaction is always to reply that it *ought* to be done to write to critics, that players and critics are in the same campaign to make the theatre as good as it can be. My letter from John Dexter about *As You Like It* did not, as it happens, open with the usual formula (it opened "As yours was the only newspaper handed out on the Concorde," a very proper situation): but it urged me, on sensible grounds, to go and see his production again. As this could hardly fail to give me pleasure, I did so, at Wednesday's matinee.

Now quite apart from the point that Mr. Dexter makes, let me say that the first half of the performance is transfigured since the leaden playing of the first night. Slow it remains, but it is no longer ponderous. It has a classic deliberation that illustrates the mood which the director requires. "Neither Sara Kestelman nor Marjorie Yates," I wrote in my notice, "is able to make their merry exchanges anything but tedious in the circumstances." Mr. Dexter's reply is that their exchanges are not at all merry.

"I know," he says, "that these scenes are always interpreted with a kind of idiot gaiety which is totally at odds with the actual words used. One woman is desperately trying to cheer her dearest friend who is distressed, rueful, lonely, but not ever merry." And it is true that in Act 1, Scene 2, where we first meet Rosalind and Celia, Rosalind hasn't a line suggesting any kind of merriment. True, it is she that finally proposes to watch the wrestling, but in a half-hearted way, after it has been generally agreed that breaking of ribs is no sport for ladies.

What we now see, and did not see on the first night, is a dejected hour in the life of a witty woman. Act 1 sparkles with hints of the pleasures to come, but both for brother-oppressed Orlando and uncle-oppressed Rosalind existence is pretty tedious, and there is no suggestion in this production that it is anything else. The fun comes later, when in the Forest of Arden you can see the gay, sexy Rosalind, unfettered by the oppression of the crooked Duke's regime. Miss Kestelman has the avid glamour of a punk rocker as she goes as far as she can to seduce Simon Callow's romantic Orlando without letting him score till she is ready for it.

The whole production seems to me to have brightened. John Normington is not only funny as Touchstone, but likeable, an object not always achieved; and Michael Bryant's Jaques, played with one eye on the audience, is simply splendid. The excellence goes all the way down the social scale; Anna Carteret and Greg Hicks as Phebe and Silvius (how well Mr. Hicks speaks his beautiful lines on the nature of love), Martyn Whitby as Charles, a man as well as a wrestler, Oz Clarke as a musical but unexpectedly Irish Amiens, and at the upper end Nicholas Selby's smoothly evil Frederick, Dermot Crowley's able Oliver—the whole company is admirable.

Whatever differences the director may feel there were between us, at least when I reviewed the play last month I recommended people to see it twice. I have now seen it twice myself, and know how right I was.

Simon Callow and Sara Kestelman

Cologne City Opera

Die Frau ohne Schatten

The 1979-80 season at Cologne City Opera opened with a new production, by Jean Pierre Ponnelle, of *Die Frau ohne Schatten* (The Woman without a Shadow). Ponnelle, who as usual is his own designer, tackles the notorious difficulties of staging the gigantic fairy-tale concocted by Hugo von Hofmannsthal and Richard Strauss by turning it into a Kabuki drama. Symbolism is taken at face value, while stage directions are followed literally. A narrow red wicker-work platform bridging the width of the stage rises and falls on elegantly thin steel pillars to indicate the Spirit Kingdom above or the Earth below. Apart from various movable stair cases and changing backcloths—one a black mirror—this structure forms the only scenery.

Vertical lighting, either on the wicker-work or on a shiny-surfaced floor, ensures that no one casts a shadow. Instead, the human characters—Barak, his wife and his brothers—are each followed by a faceless, black-clad *Doppelgänger*. The Falcon materialises whenever its theme is heard in the orchestra, the singer (Karin Hemmersbach) holding a paper cut-out bird. The Guardian of the Spring (Barbara Daniels) also takes on substance, while the Spring itself is a swatch of blue silk energetically waved by two shadows. Two more of these "invisible" figures drag on the boat—a length of crimson material—which brings Empress and Nurse to Keikobad's kingdom, while another two toss silver fish into the frying pan for Barak's supper.

The stage pictures resulting from this stylisation are often very striking: in particular, the climactic moment when the Empress refuses to drink the Water of Life, and from the rear of the stage her newly acquired Shadow walks slowly forward to stand behind her. The formal severity of his self-imposed Kabuki straitjacket has kept Ponnelle's sometimes over-fertile imagination within strict limits. Musically, the performance is as spare and uncluttered as the staging. John Pritchard, conducting the obedient Gürzenich Orchestra, achieves a quite unusual clarity and transparency of texture to irradiate the mammoth score. This approach to Strauss is not to everybody's taste, but the loss in sheer opulence of sound is offset by many gains in detail, in solo wind passages especially, and by the ease with which the singers are able to surmount the orchestra.

Gwyneth Jones sings the Dyer's wife. It is her first attempt at a part to which she is temperamentally well suited. No shrewish, nagging wife, but a young woman deeply troubled by emotions she does not understand, she rejects Barak's loving kindness with the instinctive ferocity of a lioness at bay, pouring out her voice in generous floods. The price of such generosity — occasional stridency in louder passages, consonants sometimes drowned in tonal tide-waves—is a small one to pay for a warm and committed performance. Walter Berry's gentle Barak makes a perfect foil to Miss Jones's vehemence. He, too, sings with conviction, and his phrasing of the luscious tune of "Mir anvertraut"—at the beginning of the third Act, full of feeling but not over-sweetened — is exemplary.

Siv Wennberg brings unusual character and determination to the Empress; her glance perpetually follows the black figure trailing behind the Dyer's Wife with a longing that is transmitted through her singing. Though not wholly at ease in the Alpine regions of her vocal line, she too offers a performance strongly balanced on the credit side. As the Emperor, Hermann Winkler contributes a fresh and lyrical voice, lighter in timbre than the *Heldentenor* more often heard in the role. His aria in the Falcon House gives particular pleasure in the context of Mr. Pritchard's airy orchestral accompaniment. Helga Dernesch, recently transposed from soprano to mezzo, makes a superb Nurse, a tall, over-bearing figure who dominates the stage even when pretending subservience. She sings 99 per cent of the role more beautifully than I have ever heard it sung before: a handful of top notes are insecure, but that is all.

ELIZABETH FORBES

San Sebastian Film Festival

Saints alive! by NIGEL ANDREWS

At the San Sebastian Film Festival this year, deep in the heart of the Basque crisis, a sense of nervous and skin-deep tranquillity reigned. Although a few brave noises of greeting were made to incoming journalists, one felt rather like a not-too-welcome visitor to the Alamo during a lull in hostilities. Everyone semed to spend most of his time looking at the powder kegs in case a stray bullet should whoosh in and blow everyone up.

There was an actual bomb-scare one night in the main theatre, and though it proved a hoax the lack of security throughout the festival (viz. no bag-searchers) often verged on the spine-chilling. The festival directorship, which keeps changing hands in an effort to placate as many political factions as it can, had once more mutated this year and its unsurprising keynote was a sort of desperate disorganisation. Films dropped out (including two British entries, *Quadrophenia* and *The Kids Are Alright*, and Gillo *Pontecorvo's* eagerly awaited *Operacion Ogro*), expected personalities didn't show up (Helmut Berger, Marta Meszaros, Lina Wertmuller), timetables kept changing, translation facilities for foreign Press were confined to the overcrowded evening showings, and it is pure good fortune that there is a photograph on this page because there weren't any (or precious few) in San Sebastian. (This is one by courtesy of New World Distributors in London.)

In view of the stressful conditions prevailing in Northern Spain, these failings are perhaps easy to understand and forgive. Less excusable was the treatment meted out to the Press at competition screenings. Critics were nightly herded up to the balcony of the festival palace to watch the films, which they managed to do through a silhouette-play of late-comers and early leavers who clumped along the wood-floor aisles in the inress and egress. Surely next year—if there is a next year for San Sebastion—journalists will be allowed to watch the films in conditions more conducive to concentration?

San Sebastian has a glorious past as a film festival and may have a glorious future. And even in this year of crisis, there were vestiges of Iberian high style: notably in the deliriously exotic welcome given to those entering the theatre every evening by serried rows of costumed pipe-and-drum players lining the stairs in the lobby.

And among the films, there was at least one triumphant gala-piece, Bernardo Bertolucci's hectic florid and beautiful *Luna*. The Italian director's movie about an American opera singer (Jill Clayburgh) and her stormy liaison with her drug-addicted teenage son (Matthew Barry) came to San Sebastian trailing a mixed bag of reviews from the Venice festival. Artistic doomwatchers who thought that Signor B. had taken a wrong turning with *1900* (or maybe even earlier, with *Last Tango in Paris*) saw symptoms of further distraction in this heady mixture of Oedipal melodrama and Grand-Operatic direction.

For my money, the opposite is true. Bertolucci has found his form in *Luna* after years of modish nodding in the direction of Italian radical cinema. He has thrown politics out of the window and made a personal, even defiantly solipsistic film. *Luna* unites viscerally beautiful photography and staging—the diagrams of Bertolucci's camera movements would resemble sketches for a rococo church—with a story calculatedly poised on the edge of operatic-exaggeration.

Jill Clayburgh is in fine form as the New York-based *diva* who whisks her son off to Italy after his stepfather's death, to acquaint the boy with his childhood roots. (His real father was an Italian lover of Miss Clayburgh's). Soon horror intervenes—she discovers her son to be a heroin addict—and after much mother-son in-fighting Miss C. finally takes recourse to soothing the boy with sex.

Wrapped in wondrous cocoon of operatic bits and pieces (soundtrack snatches from Verdi and Mozart, a stunning sequence built around a Rome performance of *Trovatore*), *Luna* attacks the demented fringe of human relationships with all the fierce exoticism of *Last Tango In Paris*, but with a wholly new humour. It is, arguably, an "absurd" film: you don't know quite whether to laugh or to cry. But it's the kind of absurdity that opera itself boasts—a reckless intermingling of the sublime and the ridiculous—and it is Bertolucci's love affair with Italy's most cherished art form that fuels and fires this thrilling, haunting movie.

From Paolo and Vitorio Taviani, who made *Padre Padrone*, came *Il Prato*. Apart from a love for the departed genius of Roberto Rossellini, Italy's master of Neo-realism whose rough pictorialism haunts this film and who inspires in it two specific tributes—the casting of his daughter Isabella in a lead role, and punctuating excerpts from his 1947 movie *Germany Year Zero*—it is hard to know what unifies this odd film.

Three young social rebels—two men and a girl—meet, talk, love and part among the soaring towers and surrounding fields of San Gimignano. The Taviani brothers' staccato series of tableaux, with their aggressive primitivism and harsh beauty, are as visually bewitching as in *Padre Padrone*. But the dramatic purpose is obscure. Themes of social and cultural radicalism are hung out to air—agricultural communes, street theatre—but the wind of life doesn't stir them nor the sun of emotion warm them. Perhaps the film needs a second viewing—or an adequate English translation—to reveal its riches.

Among the homegrown entries at San Sebastian, the liveliest was Carlos Saura's *Mama Cumple 100 Anos (Mother Has Turned a Hundred)*. Saura is at his best when orchestrating a large and daft cast of characters in a cheerfully offbeat story. The characters in this film have been brought over lock, stock and mannerism from an earlier Saura film, *Anna and the Wolves*, and they enact once more a family reunion in a rambling hilltop villa. Geraldine Chaplin swans through the film looking more and more like a young Katharine Hepburn; scenes briefly explode in humour or surreal madness; and there is a brilliant *coup de cinéma* during Mama's birthday party that brought an ovation from the festival audience. (Wait and see it for yourselves when the film comes to London.)

More sonorous and serious were two Spanish political films on the vexed issue of Separatism. *Trial in Burgos* is a plodding, talking-heads documentary in which sundry Basque militants speak to the camera about their beliefs, their actions and their persecution under Franco. *Companys: Trial in Catalonia* is marginally livelier: the story of Catalonaan leader Luis Companys, whose attempt to lead his people to independence ended in arrest by Franco and execution by firing squad.

From Hungary came Pal Gabor's *Angi Vera*. This tale of a young woman learning to be a good Communist by attending some sort of political training school is shot in a holy, amber glow more appropriate to a dramatisation of the Nativity. I suppose it is a Nativity of a sort: the birth of another obedient yes-person in a society with no space or time for individuals. The film's simple faith in Communism and in teaching people the virtues of political "self-criticism" (which seems to amount to saying "I am wrong, the State is right") would be touching if it weren't repellent.

Other casualties in the main section of the festival were *The Magician of Lublin* and *Running*. Both at least were English-language films, which was a relief in a festival with little patience and few facilities for the non-Spanish speaker.

The Magician of Lublin, by Israeli director Menahem Golan, has a dash at adapting Isaac Bashevis Singer's novel of that name. Determinedly, even bull-dozingly, high-spirited, it keeps charging forward with reckless disregard for the subtler nuances of Singer's tale and gets from Alan Arkin as the titular magician—hell-raising his way through period Poland—his crudest performance in memory.

Running, a Canadian movie by Steven H. Stern, gives us Michael Douglas as an American marathon runner in the Montreal Olympics. Between training bouts in New York and Boston, Mr. Douglas has to deal with his marital problems—is wife Susan Anspach about to leave him?—and with a script whose sub-Hollywood imbecilities have to be savoured to be believed.

Ben Gazzara and Monika Subramaniam in 'Saint Jack'

The brightest surprise among the English-speaking films was Peter Bogdanovich's *Saint Jack*, which graced San Sebastian last week and opens in London this week (cert. "X" at the Classic Haymarket, Classic and Poly Oxford Street, and Screen on Islington Green). Bogdanovich, after a series of dodo-like *hommages* to the glory that was Hollywood, has found rejuvenation in Singapore. Ben Gazzara is his hero, a peaceable and good-natured pimp who knows where to draw the line between carnality and corruption, and who won't—though he is asked—swap his honest living as Maestro of the Singapore Brothels for shadier roles as blackmailer or photographer.

Gazzara gives the film a quizzical, wry-mouthed centre that neatly sets off the sparking revolutions of his inner circle of British colonial friends — Denholm Elliott, James Villiers and Joss Ackland jawing over jars in the British Club—and the outer ring of business colleagues and clients. Bogdanovich manages both to take the story (based on a novel by Paul Theroux) with arrow-straight narrative simplicity and to soak the fringes of the screen in the baroque and humid atmospherics of tropical life.

★

Meanwhile, back in Britain.

Watching *Scum* (X, Prince Charles) is like being hit over the head with a sockful of broken glass. This story of life in a boy's Borstal, written by Roy Minton, was made into a feature film after being rejected as a TV play by the BBC. The said corporation thought that the piece was too biased in its attack on such organisations, and I can see their point. All the incidents in this harum-scarum melodrama of bullying, beating, terrorisation and homosexual rape are no doubt—as alleged—based on fact. But the facts have been so pre-selected and telescoped-for-effect that credibility yields to stultification. Director Alan Clarke uses the camera like a battering ram, bashing away at our sensibilities until we are too concussed to recognise the truth even if we saw it, and in the resulting pot-pourri some good performances struggle vainly for a believable setting.

Pretty Baby's (X, Ritz) contrasting claims to sensationalism concern a teenage nymphet's rise to maturity in a 1917 New Orleans brothel. This is the film that our censor has been humming and haw-ing over for some time, finally permitting it to spread itself across British screens after some discreet tamperings and trimmings. The *fille fatale* over whom blue pencils have roamed is enacted by Brooke Shields, a sloe-eyed beauty of some 14 summers who plays the daughter of curvaceous brothel denizen Susan Sarandon. Initiated into sex almost on the stroke of puberty—with her mother's encouragement—Miss Shields is later whisked away by photographer Keith Carradine to live with him. (His role is modelled on real-life New Orleans' photographer E. J. Bellocq).

This Lautrec-like chronicle of Louisiana low life has been directed by Louis Malle, making his first American movie. The censorship brouhaha will have attracted much-needed interest, for of itself the film is curiously slothful and aimless. Half of it flirts with the plush hyperbolic world of Tennessee Williams, the other half Malle tries to steer off towards a moody realism. The result is a movie with more claims to schizophrenia than paedophilia.

Bush

The People Show

No good trying to describe the People Show, a company who would include the traditional encounter of an umbrella and a sewing-machine on a dissecting-table in their performance as a routine gag. Surrealism is the main weapon in their armament. It's by no means the only weapon, though. They will show you ballet figures and gymnastic exercises, they will play you jazz or Bach, or sing the blues, and do all of them reasonably well. One thing they never set out to do is to provide a coherent line. If you aren't surprised, there's nothing for you; and this is their weakness.

The current edition takes place in Jim's Gym. The receptionist is asleep behind her desk when we arrive: Outside one window an impassive figure, who remains behind the window the whole of the 80-minute show, flashes light round the dark stage from a mirror. Outside the other lurks a customer, who signs in and does some energetic training before sitting at the piano. A slim girl enters from the balcony; a lithe man enters through the locker where the first man hung his coat. They do some arabesques together.

A new customer opens a letter containing a handkerchief. He lays both down on his folded jacket and jumps on them. Someone sings a song about "Dan, Dan, my kitchen man." The man outside the window waters the flowers inside the window. There is music for flugelhorn, bass tuba and tenor saxophone. A small black man whose face shines with gold studs amuses the girl by pretending to play a dumb clarinet. The same man, evidently the owner of the gym, subsequently shoots the girl in the back when he sees her acting too affectionately with her dancing-partner. The receptionist, stark naked, stands before the man outside the window, so he comes in, by the door, and puts his jacket over her shoulders, while on the balcony outside the others play a chorale from the St. Matthew Passion.

Other things happen besides all this, but that is enough to give an idea of the evening. The People Show is a cult show, and there are enthusiasts who lap up a performance of this kind with enthusiasm. I can take it or leave it alone. Yet just as I'm beginning to think how slowly time is passing there is a bonus of some kind. On Wednesday it was the trumpet-playing of the first gymnast, in the 1920s jazz idiom. I thought it was smashing.

B. A. YOUNG

George Orwell Memorial Prize 1979

Penguin Books are awarding this year's George Orwell Memorial Prize to Christopher Ricks for *Geoffrey Hill and The Tongue's Atrocity* first published in The Times Literary Supplement.

The runner up was *Elegy for Rhodesian Whites* by Richard West published in The Spectator.

FOOD PRICE MOVEMENTS

	September 20	Week ago	Month ago
	£	£	£
BACON†			
Danish A.1 per ton ...	1,180	1,180	1,180
British A.1 per ton ...	1,140	1,140	1,140
Ulster A.1 per ton ...	1,140	1,140	1,140
BUTTER†			
NZ per 10 kg ...	13.20/13.37	13.20/13.37	13.20/13.37
English per 10 kg ...	17.27	17.57	—
Danish salted per 10 kg ...	18.35/18.47	17.95/18.47	17.55/17.66
CHEESE‡			
English cheddar ...	1,610	1,610	1,450/1,610
Irish cheddar ...	1,481.03	1,481.03	—
Danish cheddar ...	1,370/1,405	1,370/1,405	1,340
EGGS*			
Home produced:			
Size 4 ...	4.20/4.40	4.30/4.80	3.20/3.40
Size 2 ...	4.60/5.00	4.90/5.50	3.90/4.00
	September 20	**Week ago**	**Month ago**
	p	p	p
BEEF			
Scottish killed sides ex-KKCF ...	60.0/65.0	60.0/65.0	62.0/67.0
Eire forequarters ...	43.0/45.0	42.0/43.0	42.0/44.0
LAMB			
English ...	52.0/56.0	52.0/58.0	56.0/60.0
NZ PLs/PMs ...	47.0/49.5	47.0/49.5	48.0/50.0
PORK			
All weights ...	36.0/47.0	38.0/45.0	35.0/44.0
POULTRY			
Oven-ready chickens ...	38.0/44.0	40.0/44.0	40.0/44.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks, delivered, per tonne.

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Friday September 21 1979

Checking the town halls

Mr. Michael Heseltine has left local authorities in no doubt that the Government will countenance no wavering or backsliding in its battle against excessive public spending. His speech in Scarborough yesterday made clear that he will frown on authorities which raise their rates faster than inflation and that the Government "will not finance increases in local authority expenditure." He emphasised that the only way to keep spending in check is to keep paring away at manpower, since this accounts for 75 per cent of costs. He went so far as to castigate the authorities for defying the Government by allowing their manpower to rise by 2 per cent in the year to June, disregarding the fact that almost all of this increase occurred under the Labour Government.

Suggestions

Mr. Heseltine offered a number of excellent suggestions for immediate reforms, most importantly a plan to make all local authorities publish regular statistics on their manpower levels and on the costs they incur in providing specific services. These should give voters a clearer idea of how their money is spent. However, what was most striking about his speech was not its content, but its determined, almost pugnacious, tone. It was this tone, and the points that Mr. Heseltine did not explicitly mention that local authorities are worrying about. Most significantly, there was a statement that "there would be no more cash," beyond the targets announced by the Government. It was left unclear whether this was a reference to spending plans, on which it would be natural for the Government not to waver, or to cash limits, which determine the maximum sums that the Government will actually pay in grants, after allowing for inflation.

While the Government's spending plans have been accepted there are likely to be fierce disputes over cash limits in the coming year. There will be a strong temptation for Mr. Heseltine to follow the rather shabby example of his predecessors in the last Government and set unrealistically low cash limits. This would leave local authorities with the full responsibility for resisting their workers' wage claims and would bring unplanned cuts in expenditure by the back door.

The temptation should be resisted. While cash limits must be tight enough to concentrate the minds of pay negotiators and purchasing officers, they should not be set on the basis of wishful thinking, as they were last year. There is no reason why inflation should bear down especially savagely on rates and local services, simply because the Government has been over-optimistic.

Cash limits are an essential complement to, but not a substitute for the established system of planning public expenditure by programmes. The point of this system is that political decisions are taken to provide certain services and to spend a certain proportion of the national income, in real terms, on this provision. The Government should certainly make clear to the public service unions that excessive pay claims will result in a progressive reduction in planned public expenditure. But cash limits cannot take the place of Government determination to stand firm against excessive pay claims in the public sector.

Abdication

The Government would be abdicating its responsibilities for public sector pay if it sought to back away from the local authorities' pay negotiations, by allowing inflationary pay increases to be conceded and then forcing the local authorities to slash services in order to stay within cash limits. It would be unfair to make the nation suffer by decimating the educational, health and social services, simply because militant unions demand more money and local authorities are not prepared to resist them. In the end the unions' intransigence may give the nation no alternative to slashing its public services. But the Government should regard this as a last resort, and not as an easy option.

This raises the most fundamental point that Mr. Heseltine touched on, but did not analyse. Should local residents be allowed to raise their own standards of services above what the Government considers to be the desirable level, if they are prepared to pay for this through their rates? This question will severely test the Government's commitment to greater local autonomy. Ultimately the overall balance of national fiscal and monetary policy will have to take priority. Over the next year it will become clear whether local authorities can be trusted to act responsibly, in accordance with the national interest, or whether greater powers will be required for the Government to exercise control.

The Russians and Egypt

THE NEWS that the Soviet Union has been supplying badly-needed aircraft engines and other equipment to the Egyptian armed forces is a tart reminder to the U.S. government that it does not have Mr. Sadat's undivided loyalty. The U.S. remains Egypt's most important economic and diplomatic supporter, and there sems no question of the Soviet Union suddenly achieving a full reversal of the cool relations which have existed between the two countries most of the time since thousands of Russian military advisers were thrown out of Egypt in 1972. But the U.S. is not likely to welcome the return of a Soviet military involvement in Egypt.

Hesitancy

The Russian move, in making it possible for Egypt to go on using Soviet-made aircraft and helicopters which, though theoretically the backbone of the air force, were rapidly becoming unserviceable, points up the current U.S. and European resitancy in supplying Egypt with arms.

The U.S. has provided Egypt with a numer of relatively unsophisticated F4 Phantom fighters but has baulked at the size of the arms shopping list Egypt has put before it; Britain and France are reviewing their involvement in developing the Egyptian arms industry and in renovating the Soviet-made equipment, mainly because the oil rich Arab states which were to have paid for the venture have pulled out in protest against the Egypt-Israel peace treaty.

By contrast the Soviet Union has shown it is now prepared to fill the gap despite Mr. Sadat having last year imposed a ten-year moratorium on Egypt's enormous military debts to Moscow.

The radical Arab states most strongly opposed to the peace treaty may be disappointed that the Soviet Union has decided to ignore the Arab boycott of Egypt, but the real rebuff is to the conservative, anti-Soviet Arab states whose action has led directly to the Soviet move. The Russian leaders, with their customary opportunism, have an eye to retaining Egypt's friendship should the current Middle East peace process fail or the current Egyptian leadership change.

The implementation of parts on the Egypt-Israel peace treaty appears on the surface to be going relatively well, with the handover of territory in Sinai following the schedule so far. The two countries have now agreed in Washington on the composition of the peace keeping force that will supervise the continued handover of the territory. Instead of a new United Nations force, which Egypt hitherto insisted it wanted but which Israel rejected, there are to be joint patrols of Israeli and Egyptian troops, with U.S. civilians manning the electronic listening devices.

But the trickiest issue between Egypt and Israel has now been deliberately put off until next year. This is the question of the form and degree of autonomy to be granted to the Palestinians in the Israeli-occupied West Bank and Gaza Strip—an issue on which the Egyptian and Israeli viewpoints are as far apart as ever. Egypt wants to see genuine autonomy for the Palestinians in these areas during the five year transitional period leading to the setting up of an independent or partially independent Palestinian entity. Mr. Begin, the Israeli Prime Minister, has a much more cosmetic form of autonomy in mind.

Increasing pressure

The U.S. would like to bring both Jordan and a representative group of Palestinians into the autonomy negotiations in order to justify its Camp David strategy for a comprehensive peace in the Middle East. The Palestine Liberation Organisation is coming under increasing pressure, especially from European countries, to make concessions in the direction of recognising Israel which might enable it to join the talks.

The fact that this week Mr. Yasir Arafat, the PLO chairman, visited Amman, the capital of Jordan, for the first time in nine years to see his old adversary King Hussein does not indicate that either of them wants to become involved in the talks at this moment.

Emphasis on safety at Britain's first fast reactor

By DAVID FISHLOCK, Science Editor

WITHOUT ANY doubt the most exciting research centre in Britain is at Dounreay in the far north of Scotland, in territory the Keith and Gunn clans once disputed and where longhorn highland cattle outnumber people. For a quarter-century Britain has used this remote place to develop the technology of the fast breeder reactor.

This is the plutonium-burning machine which, soon after the war, Harwell scientists forecast that Britain would be needing to replace fossil-fuels towards the turn of the century. The North Sea discoveries do not seem seriously to have disturbed this forecast.

The technology of the fast reactor is one of the most difficult engineers have ever attempted; so difficult that, as with flying machines, many have said it could never be done, or done safely. For flying machines the evidence is all about us that the Cassandras were wrong. For those who have solved the manifold problems of fast reactors, the problem is how to convince people that, with the reactors locked away in thick concrete catacombs, they really do have a safe new way of making electricity.

Britain does not have the world's biggest fast reactor. Both France with its 1,200 MW Superphenix project near Lyons, and the USSR with its 600 MW project under construcstruction at Beloyarsk, have bigger machines in an advanced stage of construction than the 250 MW prototype fast reactor at Dounreay. But at Dounreay Britain has assembled technology and devised experiments that have kept it firmly in the vanguard of progress with fast reactors. The total cost for the UK of work on the fast reactor, about £52m last year, is only one-fifth of what the U.S. is spending.

This is the technology which so evidently impressed the Prime Minister, Mrs. Margaret Thatcher, when she visited Dounreay earlier this month. "I think if more and more people come around the place and see for themselves, it will get rid of some of the fears that people have of nuclear power—fears which I think are unfounded," she said after six hours at the site.

In the man-made caverns and caves of Dounreay a nuclear reactor filled with 1,000 tonnes of molten sodium metal can produce up to 250 MW of electricity. Leviathan pumps create virtually a tidal wave of liquid metal to sweep heat away from the plutonium fuel and into steam-raising boilers.

But what if those pumps failed? The Cassandras—remembering first-form chemistry when teacher could produce a satisfying explosion just by dropping a pellet of sodium into water—forecast death and destruction on an unprecedented scale. From the joking of those in a U.S. laboratory working on sodium-cooled fast reactors was born the idea of the "China syndrome"—the meltdown of nuclear fuel that would fuse a hole all the way to China.

For two decades at Dounreay they have painstakingly studied everything conceivable that might happen if the cooling of a fast reactor should fail. The success of the latest series of experiments on the prototype fast reactor, in which all the pumps were deliberately switched off, were announced yesterday by Sir John Hill, chairman of the UK Atomic Energy Authority. They indicate that, even if everything fails, the operators could simply leave the reactor to cool down safely.

The secret lies in the immense capacity for absorbing heat of the thousand tonnes of sodium metal in the reactor. The results will be crucial to the safety case which the nuclear power industry, led by the Authority, will put forward at the forthcoming public inquiry into plans to build a fast reactor five times as big as the Dounreay prototype.

Wide-ranging experiments

The long sequence of steps which has led to these dramatic experiments—the first of their kind anywhere in the world, Dounreay believes—concentrated upon the behaviour of the plutonium fuel under all manner of adverse conditions. The fuel developed in Britain for the fast reactor is a ceramic; a mixture of plutonium and uranium oxides. First in a 15 MW experimental reactor—Dounreay's famous pale-green globe—and since 1975 in the prototype reactor, fuel of this kind has been studied minutely.

The kind of thing these experiments have proved, says Mr. Cliff Blumfield, director at Dounreay, is that even if the thin protective steel casing round the fuel should fail, the reactor can still be run safely, so slight is the reaction between the fuel and the sodium in which it is immersed. Another is that even when they restrict the flow of coolant around this fuel to a point where it makes the sodium boil—above 990 degrees C—no harm has been done, even after 24 hours of this abuse.

Very confident of the integrity of the fuel under the most adverse conditions, the Dounreay team was ready to try two much more ambitious series of experiments. One was the series in the prototype reactor to see what would happen if—under circumstances that are almost inconceivable and yet which occurred in the accident on Three Mile Island earlier this year—all the cooling pumps failed.

Even if the reactor shuts down safely, as it is designed to do, it will continue to deliver about 25 MW of heat from radioactive decay which cannot be switched off. The prototype reactor has three "pony motors," kept running continuously, which automatically engage if the main pump should ever fail and keep the sodium surging around the fuel. But what happens if these, too, should all fail?

The short answer is—nothing. Convection currents in the great pool of sodium seems to be enough to keep the fuel from overheating. The researchers have inched their way up to a power level of 50 megawatts of heat without problems. The next step will be to cut off all the pumps at 200 megawatts of heat—one-third of the reactor's full output. But each advance has been backed by safety assessments made elsewhere in the UK Atomic Energy Authority, and by theoretical calculations of what should take place.

At the public inquiry these experiments will be presented as a major safety feature in favour of the fast reactor. If the worst should happen "we're pretty sure we can almost walk away and it will look after itself," claims Cliff Blumfield.

Another series is being done to see what happens if—"and we can't imagine how"—all the pumps should fail but the reactor itself fails to shut down. The potential problem would be that big differences in temperature in different parts of the pot-full of sodium could severely distort the intricate structures of the reactor, such as the crucial control rod supports, 18 ft long.

In fact the reactor has a remarkable safety feature built in as a consequence of its nuclear physics. The hotter it gets, the less power the nuclear fuel produces. This is because more neutrons are mopped up as the temperature rises and are unavailable to split further atoms. In the prototype reactor it turns out that, because of this "Doppler effect," an increase of only 25 degrees C in the temperature of the reactor automatically *reduces* the heat produced by 100 megawatts—one-sixth of full power.

The fate of the plutonium fuel after it leaves the reactor is also crucial to the case for the fast reactor. Again Dounreay claims to be ahead of the world in determining the fate of fuel designed to be used in commercial fast reactors; or, as they say, in "closing the fuel cycle."

Last week the Prime Minister pressed a button which set spent fast reactor fuel flowing through a new chemical plant, designed to separate the plutonium from a myriad of highly radioactive impurities.

This plant, when fully commissioned early next year, will be able to extract about 1 tonne of plutonium a year. Its chief importance as an experimental tool lies in minimising the time plutonium needs to spend outside the reactor. The sooner it can be put back to work, the better the economics of fast reactors and the safer it is from any attempt to steal it for bombs.

From the radioactive debris of an old reprocessing plant, the Dounreay engineers have reconstructed one big enough to handle the fuel from the prototype—the same fuel as is planned for the commercial-sized reactor. The first thing they have demonstrated is that highly radio-active plant can be safely dismantled, washed clean and rebuilt. In other words, nuclear plant need not remain a deadly hazard for all time, as is sometimes suggested, but provided the cost is warranted can be cleaned up in a matter of a few years. Very little of the old plant has survived.

The new reprocessing plant is certainly the most advanced of its kind in Britain—perhaps anywhere. A remarkable array of advanced technology, much of it germane to the design of the £600m commercial reprocessing plant to be constructed at Windscale, has been assembled. Powerful laser beams guided by "light pipes" through several feet of concrete "top and tail" the big fuel assemblies, then carve its stainless steel wrapper into scrap that it easily transported. At this stage each fuel assembly is giving off as much heat as a three-bar electric fire.

Fluidic devices, which can control flows of liquids without moving parts, serve as pumps, valves and switches for the radio-active liquors, minimising the number of mechanical components entombed in the concrete caves. Ultrasonic sensors keep constant watch on the concentrations of plutonium and uranium at critical stages. Powerful electro-magnets are being tried as a way of removing undissolved debris to prevent it from clogging the pipes. At the end of the line will be a process that turns highly active waste liquor into glass ingots for storage.

Economic gains to come

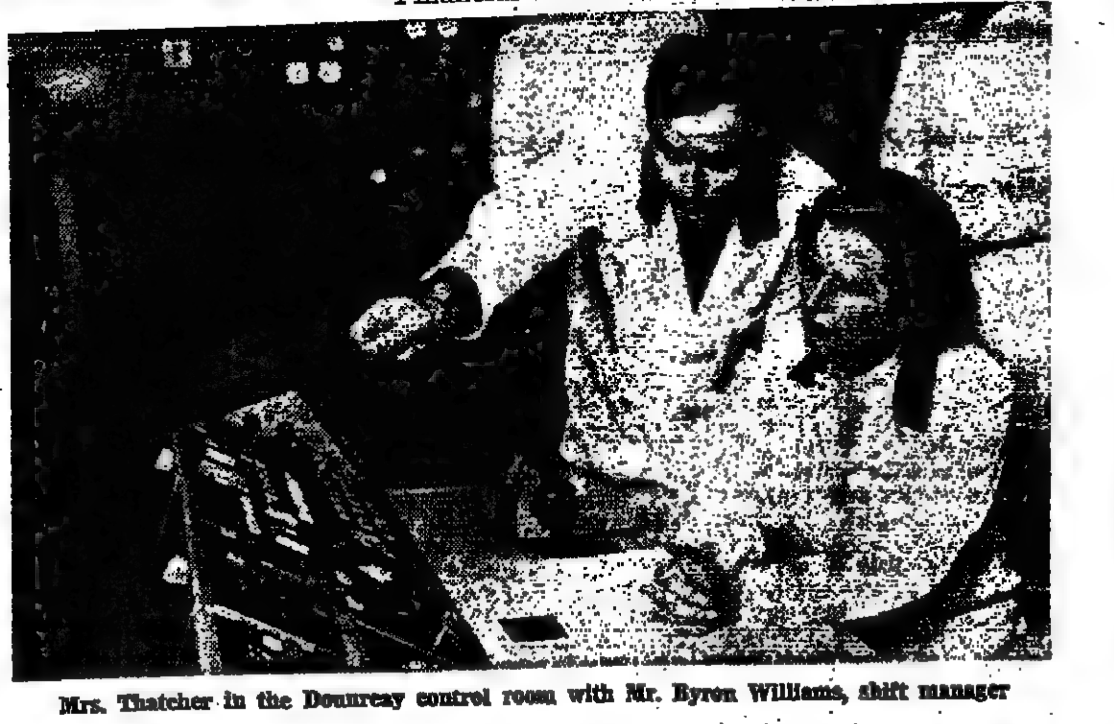
The official cost of this transformation is only £3.4m — the capital outlay for which Dounreay required Treasury approval. But Mr. Owen Pugh, the chemical engineer in charge of its operation, admits that it has also been absorbing a lot of his division's £7m a year research and development budget.

Advanced engineering on the fast reactor and its fuel will continue for many years yet, for there are immense economic gains to be won—for example, from reducing the amount of steel in the reactor. But, as in the development of aero-engines, this kind of trimming can be done only when the engineers are confident they know precisely how the machine is behaving.

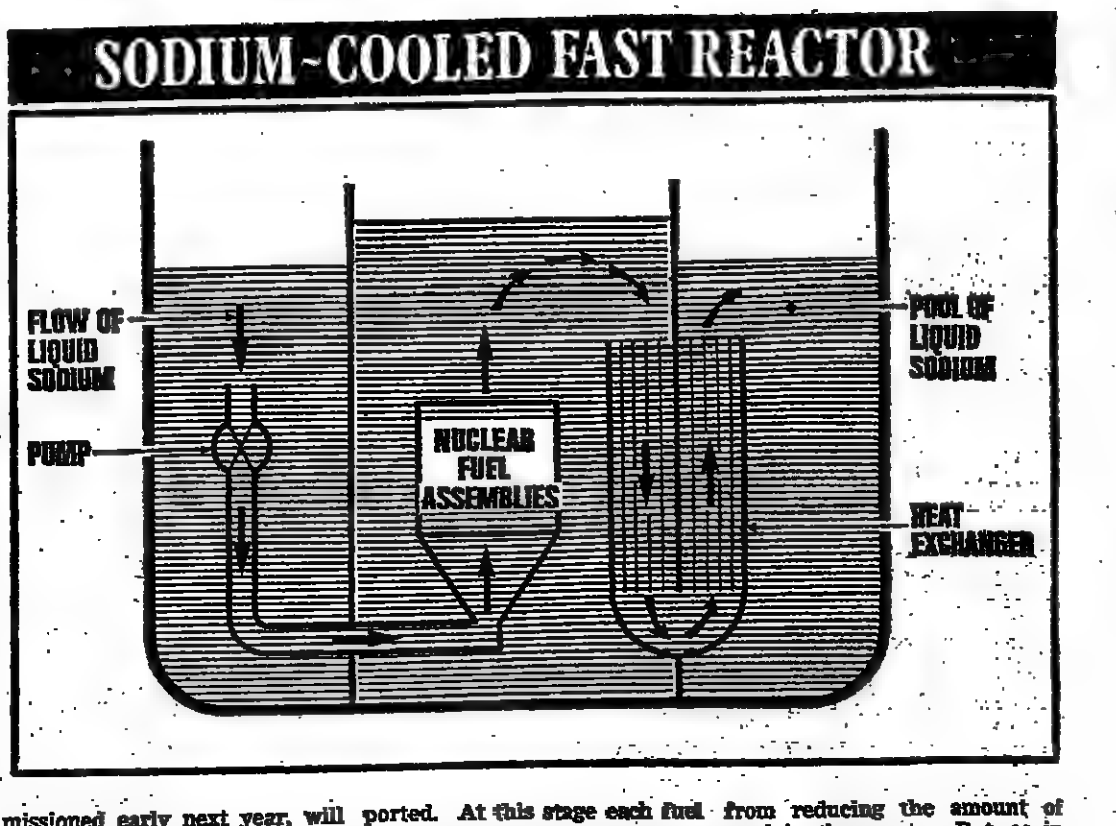
With a public inquiry into the pressurised water reactor (PWR) likely to be called for by the Government next year, a similar inquiry into the proposed 1,300 MW commercial demonstration fast reactor is unlikely before 1981. But already the worries which caused the last government to promise a fast reactor inquiry have begun to crumble.

The International Nuclear Fuel Cycle Evaluation, called for by President Carter in 1977, in which over 50 nations have participated, has rejected the case of the U.S. Government for trying to block commercial development of the fast reactor. In Britain itself it turns out that Lord Flowers' commission of investigation into nuclear power was both misguided in its reservations about fast reactors and misinformed on the subject of plutonium storage.

When the time comes, the challenge for the nuclear industry should be simply to assemble experience stretching back virtually to the earliest days of nuclear energy in Britain into a case as logical and orderly as that assembled by British Nuclear Fuels for its reprocessing plans at the Windscale Public Inquiry.



Mrs. Thatcher in the Dounreay control room with Mr. Byron Williams, shift manager



MEN AND MATTERS

City police steering to BMW

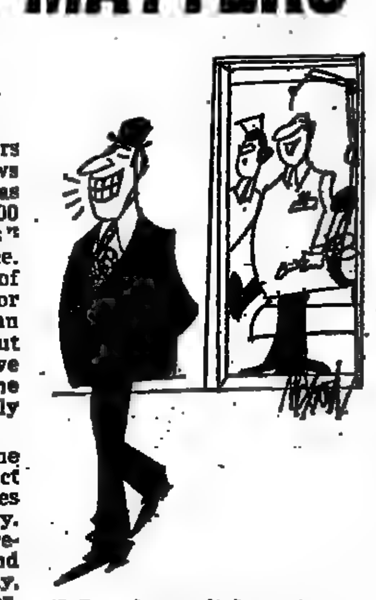
British textile manufacturers are angry at this week's news that a German company has been given half of a £500,000 contract to make "car coats" for the Metropolitan Police. Concurrently, the City of London Police has decided for the first time to buy German cars for patrol work. Without any publicity, two BMWs have just gone into service with the City force, and more are likely to follow.

The Home Office told me yesterday: "We don't instruct the individual police forces about the cars they should buy. We like them to look very carefully at the home market and the EEC as well." Traditionally, the patrol car has been a Rover, a brand with which the Metropolitan Police is still largely equipped.

Some provincial forces have been trying Volvos, and one has even ventured into Japanese models. There will be considerable cachet, however, for BMW in having penetrated the City.

Chief Superintendent Smith, in charge of police transport in the City, says: "Our chaps are delighted with the BMWs. What is best for them in their work must be the first criterion. We already have Granadas made in Germany and Cortinas made in Belgium—I can't see much difference."

The chief superintendent did not comment on the relative merits of other makes, but said: "I think that under the Treaty of Rome it is illegal to differentiate against products from any of the nine member nations."



"When he can't buy Krugerrands he comes in and has a couple of gold fillings"

On the level

Jim Prior, the Employment Secretary, was carrying a suspicious-looking box under his arm when he arrived at a London hotel yesterday to make the opening speech for the CBI's conference on employee participation. He refused all offers to carry it for him, saying it was his "visual aid."

After some preliminary rhetoric, Prior stopped and opened the box, removing first a green gin bottle, a jug, and four glasses. From the bottle he poured orange juice into the jug, which was labelled "Added Value," explaining meanwhile that he had borrowed the kit from an industrialist friend of his the night before.

Each of the glasses had a level marked on its side. One (by far the highest mark) was wages; the next, much lower, stood for reinvestment, the third for dividends and the final one—a very small amount—for tax. Prior's theme, of course, was that if the workers wanted more wages, the "added value" amount in the jug must be increased, because nothing could be spared from the other small amounts.

This all went down well with the audience, until Prior got to the tax level and trickled some juice in from the jug. At this point, a sceptical voice from the back shouted "More!"

What the audience also did not know, but might have guessed, was that the anonymous industrialist who had lent the bottle and jug is Sir Hector Laing, chairman of United Biscuits and a leading apostle of employee communications. Prior was on his Board as a non-executive director till the general election.

Sharp idea

The Hong Kong businessman who is securing commercial advertisements for Chinese TV is helping other Chinese institutions to sell their services in the West. Robert Chua tells me than Canton's largest hospital will soon offer British and other occidental doctors a crash course in acupuncture. The cost, including fares: $4,000.

The four-week course will be run in English by a leading woman specialist, Woo Shu-jin. The first course, for 15 pupils, begins early next year, and Chua thinks he will have no trouble filling the places.

The British Medical Association maintains a wary attitude to the needles. Acupuncture is being performed by about 70 British doctors. But Dr. Maurice Hyman, who has practised the art for 18 years in this country, doubts whether many British GPs will be able to spare a month.

Ciampi's challenge

It would be hard to feel much envy for Dr. Carlo Ciampi, 58, the man yesterday appointed governor of the Bank of Italy, but at least he begins this new and difficult chapter in his life without too many obvious enemies. This, and his near-anonymity during 33 years with the bank, may well be larger advantages than they sound: his elevation follows the unedifying scandal surrounding the arrest and public humiliation of the present incumbent, Dr. Paolo Baffi, governor since 1975, and of Mario Sarcinelli, deputy director general. The quiet one-time law student Ciampi is seen as, to put it no higher, the best man available to restore some semblance of order and dignity to the demoralised institution.

Significantly perhaps (since it was Baffi's dogged insistence on controlling the money supply which led to his head-on collision with the politicians) Ciampi's appointment breaks with the traditions of installing as governor an expert on monetary problems. Ciampi is better known for his expertise in the industrial sector and in the financial problems of major industrial groups.

The Italian economy has provided him with plenty of field-work in the last three years, but despite his close involvement in a number of major and controversial rescue programmes, Ciampi has somehow managed to retain a low profile. Discretion will, however, hardly be enough to weather the battles ahead. It remains to be seen whether he will prove strong enough to preserve the autonomy so fiercely defended by Baffi.

Ticket tunes

When Kenya's President Daniel Arap Moi came to see the Queen earlier this year in London he was played in at Victoria Station by the band of the Scots Guards. He promptly invited them to Kenya, and they are playing, all 64 of them with pipers, at the annual Nairobi agricultural show next week.

But finding the money for the trip has not been easy. On Sunday, the band will give a pop concert at the Kenyatta Conference Centre to help pay their fares home on British Airways.

Observer

Friday, September 21 1979

Industrial Property

The sharp rise in building costs coupled with the possibility of economic recession may restrict the level of new developmen t in the next few years. But demand for prime space in popular locations is generally being maintained.

Caution is the keynote

By Andrew Taylor

PROSPECTS FOR the buoyant industrial property investment and development market look less certain than at any stage in the past two years as the UK stands again on the brink of recession.

But despite the depressing economic outlook many property agents and developers are cautiously optimistic that there will be no major weakening in demand for industrial space and that rents for the best-located and right type of building will continue to rise—though more slowly.

At first glance this view would appear to conflict with the views of leading UK economic forecasters, who anticipate a marked slowdown in the growth of industrial output over the next 18 months with a corresponding rise in unemployment.

Sir Geoffrey Howe, Chancellor, has warned that the short-term outlook for the economy "is almost frighteningly bad" while Treasury officials have forecast that Gross Domestic Product—the traditional measure of the country's overall output—may fall by 1 per cent in 1980.

However, most of the pundits agree that the next recession is likely to be much less severe than that of 1974-75 when GDP fell by 1½ to 2 per cent in both years. And there are a number of fundamental differences in the state of the economy compared to when Britain entered this last major recession.

This time the country will have the benefits of North Sea oil, a stronger pound and strict monetary controls—non-existent in 1974-75—to lessen the recession impact.

Specifically, these factors should mean that the effect on consumer spending should be less than it might have been otherwise while money supply controls should restrict the growth of inflation.

Outlook

So while prospects for manufacturing output and capital investment in manufacturing appear poor the outlook for distribution is relatively better.

These and other factors have persuaded most agents and developers that prospects for industrial property—particularly in warehousing which has spearheaded the very sharp upturn in new development during the past 12 months—are not as bleak as the economic outlook would suggest.

It is the boom in consumer spending—up by more than 5½ per cent in 1978 and rising 4.2 per cent so far this year—that has promoted the high level of investment by major investment institutions like pension funds and insurance groups in new warehousing and consumer-orientated light engineering properties.

Equally, the rapid growth of imports, fuelled more recently by a strong pound, has led overseas companies to invest in warehousing in prime areas such as London and the South East and around provincial centres along major motorway links.

It has been estimated that speculative industrial space now under construction totals about 10m sq ft and, undoubtedly, a significant proportion of this will be designed for warehouse and/or light industrial use.

But despite the high level of development activity over the past 12 months and the prospect of an economic recession there are few fears that a serious over-supply of space will develop in the next 12 months.

Agents Edward Erdman, in their latest review of the industrial property market, say they expect "a continuing strong demand for all sizes of industrial and warehouse units," particularly large warehouses.

However, they warn that *sharply-rising building costs* and reduced regional aid grants might lead to fewer new industrial developments being built in future—particularly outside the South East. The developers Percy Bilton also fear that *future rental growth will not* keep pace with building costs.

Grant and Partners in its latest review of industrial property is more optimistic. It says: "With building costs rising at a staggering 1½ per cent to 2 per cent a month and industrial property rents reflecting the building cost element so directly, there appears little likelihood of the current bullish trend diminishing in the near future."

However, the majority of agents believe that in the short-term rental growth will be insufficient to support new development at least on its present scale.

This may lead later to supply shortages emerging which *should also help underpin* rental values.

And top rents are now frequently achieving the £3 a square foot mark.

Decision

Capital and Counties' recent decision to enter the industrial property development market with the acquisition of a 125-year lease on 3.4 acres of land at the junction of the M11 and the North Circular Road in the London Borough of Redbridge illustrates current confidence in the future of the industrial market.

Capital and Counties say it intends to expand this new *side of its business* and that it has put in offers for a number of sites but had been largely unsuccessful.

The rush by the institutions to increase the size of their industrial property portfolios *has exacerbated an already* marked shortage of good available development sites. Land prices during the past year have risen sharply, increasing to about £400,000 an acre for top industrial sites, while yields have been chased down to as low as 6½ per cent.

Some agents like King and Co. believe that prices have risen too sharply and in some cases have been uneconomic. It may be that prices now may have reached a ceiling, particularly if rents in the short term are going to stabilise—or certainly rise at a much slower rate.

Mr. Nigel Mobbs, chairman of Slough Estates, the largest industrial developer in the country, says: "We have certainly found it difficult to compete with some of the prices being paid for land by the major institutions." He believes that the widely anticipated economic recession will lead to funds becoming more discerning about what they will buy.

Grant and Partners in its recent review noted: "Already signs are being seen of a disinclination on the part of institutions to invest in anything other than prime properties well secured by building, location and covenant."

A striking aspect of this last phase of industrial development has been the increasing role of the investment institutions — which have been prepared in a number of cases to take over the role of speculative developer, using traditional property developers to act as project managers.

Meanwhile, life should now *prove a little easier for commercial* property developers following the spate of legislative changes introduced by the Government removing restrictions on land availability and development controls.

Plans

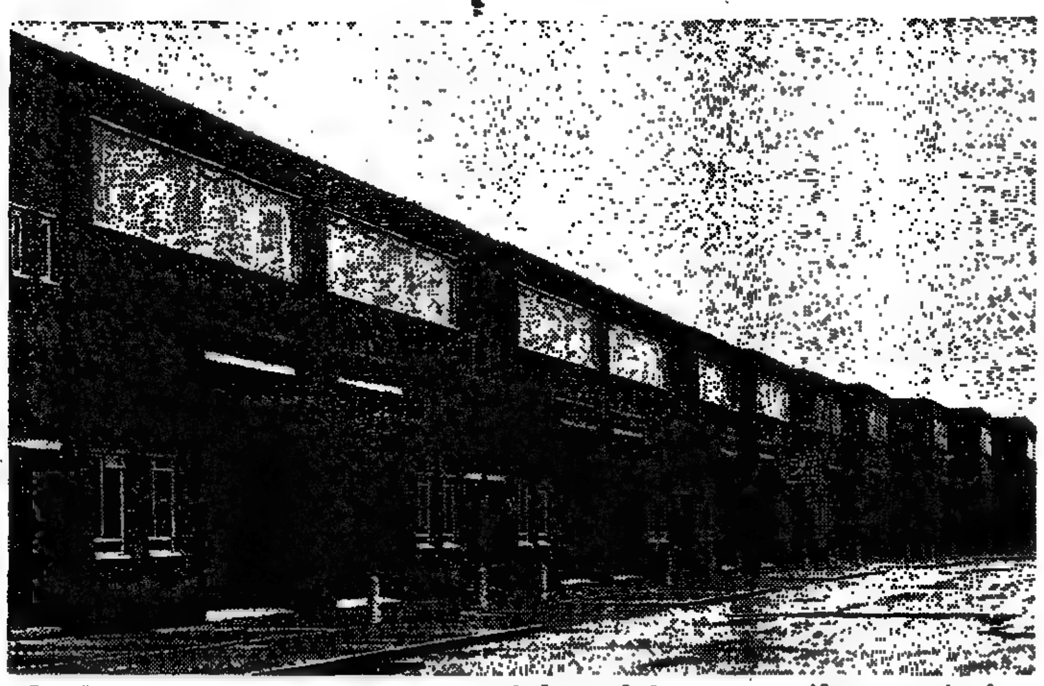
This month Mr. Michael Heseltine, Environment Secretary, announced further plans which would compel nationalised industries and local authorities to sell unused land to developers.

The repeal of the Community Land Act will also enable more publicly owned land to come on to the market while longer leases—up to 125 years—will also be available.

On top of this, Development Land Tax has been reduced while the need for industrial development certificates—seen as a major brake on new building work—has been reduced. Mr. Heseltine also plans to make the operation of planning controls less onerous.

There also will be opportunities for institutions and other investors to buy industrial properties in the 21 English New Towns which are to sell properties valued at a total £140m by the end of next March.

It would appear therefore that in the short term the climate in which the industrial property market operates may not be as bad as might first appear while, longer term, there will be fewer restrictions and brakes on new development.



London is one of the prime areas of demand for space. Above: part of a development of refurbished railway arches and factory/warehouse units on Bermondsey Trading Estate being let through Grant and Partners. Most of the development is already let

Prospects for investment

THE LEVEL OF investment in new factories and warehouses traditionally has been tied in closely with the overall trend of business activity So, as the economy moves into recession, the prospects are less bright than they have been for the last couple of years.

But this is not necessarily a precise guide to the fortunes of the specialist industrial developers since they operate mainly in a part of the whole sector—though this does not mean that they are immune to wider economic influences.

The cyclical nature of industrial development can be seen from the regular Department of Industry figures. These show that expenditure on new building work responds—after a time lag—to a more general upturn in the level of demand. It also tends to follow, by between three and nine months, a recovery or a decline in spending on plant and machinery.

The accompanying table illustrates the relationship between total capital investment and spending on new building work for manufacturing industry. This covers not only factory building but also distribution depots for manufacturing companies.

The lag in the response of new building to a general economic and investment upturn can be explained partly by the interval between reaching a decision on putting up a new factory or warehouse and its implementation.

The figures also show that behind the cyclical variations there has been a long-term or secular decline in expenditure by manufacturing companies on new building. Thus taking 1971, 1974 and 1978 as peaks, or at any rate near-peaks, of their respective investment cycles, the total dropped in real (inflation-adjusted) terms by 22 per cent between 1971 and 1974 and by a further 5 per cent between 1974 and 1978.

Even more significant has been the decline in the proportion of total capital spending by manufacturing companies allocated to new building work. This has dropped from 22.6 per cent in 1971 to 18.2 per cent in 1974 and to 16.9 per cent in 1978. There are no ready-made explanations but it is likely that manufacturing companies are taking a much more cautious view of the long-term potential for expansion, as is implied by decision to put up a new building. In contrast spending on plant and machinery may be merely re-equipment of an existing factory.

The impact of these trends can be seen in Department of Environment figures which show that industrial floorspace in England and Wales rose by only 10 per cent between 1967 to 1977 to 2.59bn square feet. This masks sharp regional differences for instance, the decline of the inner cities is reflected in an 11 per cent drop in factory space in Greater London over the decade.

Regional problems are shown by a 2 per cent drop in factory space in the north-west over the period, though the steady expansion of both East Anglia and the south-west are highlighted by increases of 33 per cent and 40 per cent respectively between 1967 and 1977.

Relevant

But a large part of the expenditure by manufacturing companies is of little direct relevance to the specialist developers since most is, by definition, for owner occupation. Some of the buildings may come on to the investment market but many factories are by their very nature specialist buildings. Both developers and institutions prefer more easily re-lettable and re-saleable units such as warehouses and distribution units.

There are no hard and fast rules here and some of the biggest developers such as Slough Estates and Brixton Estate have manufacturing operations on their developments. But the main thrust of speculative development and investment is in warehousing, both for reasons of marketability and because of a greater acceptance of renting rather than owner occupation.

There are also clear cyclical influences here as well, as is shown by the accompanying table. Fixed capital spending on new building by the distributive and service industries has recently been at a lower level than in the early 1970s. But this may not be a good indication for industrial developers since this total also covers spending on shops and offices. The latter, in particular, was hard hit by the property collapse and all the familiar subsequent problems of the sector. A better guide may be the total capital spending of the wholesale distribution sector which has risen by roughly a fifth in real terms since the early 1970s.

The rise in expenditure here is shown by the Department of the Environment estimate that total warehouse space in *England and Wales* increased by 82 per cent between 1967 and 1977 to 1.14bn sq ft. The most spectacular gains were either in fast-expanding regions such as East Anglia (up 163 per cent) or in regions with excellent communications links to the rest of the country, notably the east and west *Midlands* (each up about 110 per cent).

The main economic influences on these two areas—of factory and warehouse building—are different. The primarily owner-occupied factory side is affected mainly by the overall level of fixed capital investment of manufacturing industry and thus by output prospects, by past and expected profitability and by liquidity.

But the demand for warehouse and distribution space—of more relevance to specialist developers and institutions—is more closely tied in with the level of consumer spending rather than with manufacturing output.

The prospects for manufacturing expenditure do not look very promising over the next 18 months to two years. The recent figures suggest that total investment is near, or at, the peak of the cycle. Indeed, projections of investment over the period are being steadily downgraded in response to the growing pressures on manufacturing companies as a result of a strong pound, high interest rates, falling profits and weakening demand.

The National Institute of Economic and Social Research suggested in its recent quarterly review that fixed manufacturing investment might rise by 1½ per cent this year in real terms and fall by 2½ per cent next year, after an 8 per cent rise in 1978. If past experience is any guide there could be a larger fall in spending on new building.

The outlook for distribution is rather better. The boom in consumer spending in the last two years—up by more than 5½ per cent in real terms last year and probably over 4 per cent up this year—has generated a high level of development of new space by both property companies and institutions.

Total new industrial space under construction on a speculative basis has been estimated at 10m square feet and some of this development is presumably on the assumption that consumer spending will not be squeezed as tightly as in the 1974-77 period.

This seems a fair assumption since the combination of North Sea oil, a high pound and the switch from the public to the private sector, should also ensure that real incomes and consumer spending rise over the next few years, even though at a slower rate than in the last couple of years.

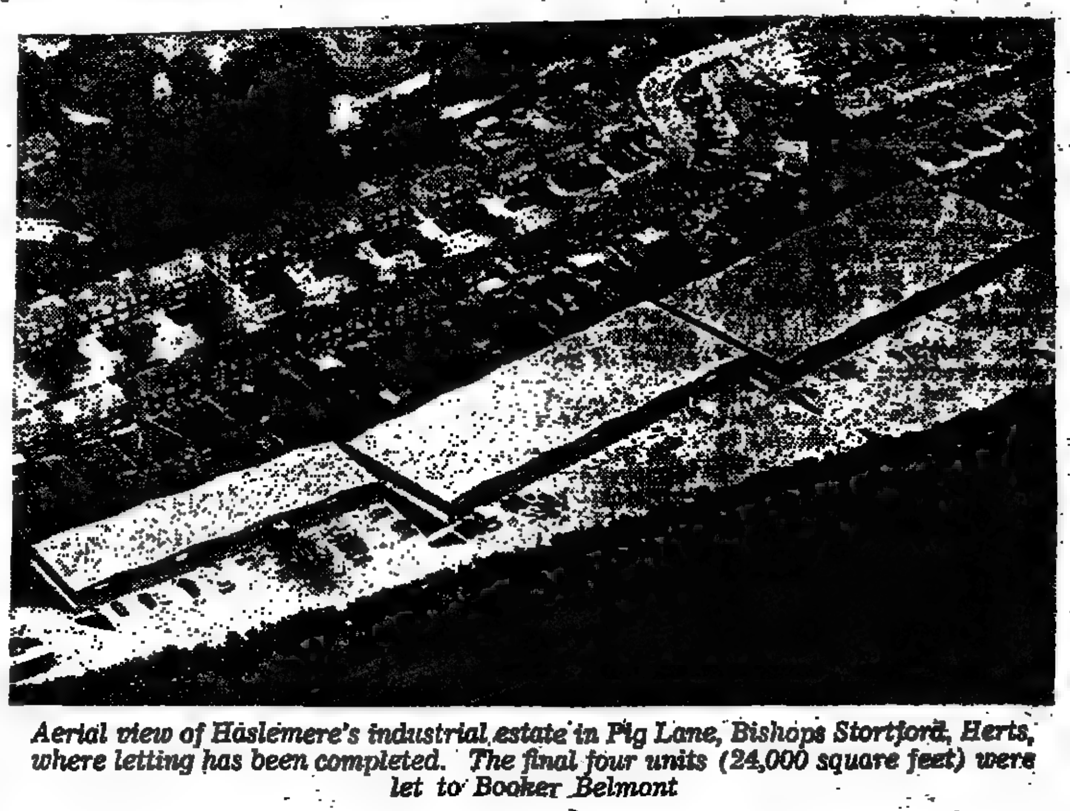
A final twist is that even though British manufacturing industry may have a hard time over the next few years this need not necessarily mean an equivalent drop in the demand for distribution space. This is because the rapid growth of imports, especially of manufactured goods, during the last few years has in itself fuelled the demand for warehouse space for letting, notably along the main motorways. Indeed the proportion of foreign companies, or their distributors and importers, in some new industrial estates is remarkably high.

Peter Riddell

CAPITAL EXPENDITURE
£m at 1975 prices, seasonally adjusted

	Manufacturing		Distribution and Services		
	Total	New building work	Total	Wholesale distribution	New building work
1971	3,897.7	880.4	3,810	378	1,881
1972	3,370.4	710.6	3,986	400	1,771
1973	3,439.8	674.4	4,519	386	1,842
1974	3,781.8	686.9	4,477	430	1,793
1975	3,521.9	639.9	3,851	362	1,514
1976	3,341.3	503.8	3,929	338	1,511
1977	3,637.0	581.8	4,390	449	1,438
1978	3,852.6	651.5	4,709	444	1,456
1st ...	945.7	152.2	1,157	110	341
2nd ...	969.8	155.8	1,190	111	378
3rd ...	965.7	169.0	1,163	111	371
4th ...	971.4	174.5	1,199	118	366
1979					
1st ...	951.8	157.1	1,201	112	347
2nd ...	965.2	158.6	1,286	121	384

Source: Department of Industry.



Aerial view of Haslemere's industrial estate in Pig Lane, Bishops Stortford, Herts, where letting has been completed. The final four units (24,000 square feet) were let to Booker Belmont

Pressure on to release land

THIS MONTH Mr. Michael Heseltine, Environment Secretary, unveiled far-reaching plans which would compel nationalised industries and local authorities to sell unused land to developers.

This is the latest in a series of moves, announced by Mr. Heseltine, designed to make more public land available to the private sector and to reduce what he regards as the more onerous legislative restrictions on land sales and property development.

So far, in this first five months of office, he has announced the repeal of the Community Land Act, a reduction in Development Land Tax plus a string of measures designed, among other things, to reduce development controls and specifically to ease the process for the granting and application for planning consents.

His latest proposal, which would enforce the sale of unused public land to the private sector, is likely to be included in the Local Government and Planning Bill due to be put before Parliament in the next session.

It involves the establishment of a register of waste or unused land, in, initially, a limited number of areas throughout the country with the emphasis on *inner city and urban areas.*

This would mean that any nationalised undertaking, local authority or regional planning Board in the designated areas would be obliged to give details of land holdings to the national register which developers would be able to inspect for a fee.

Developers would then be able to make offers for vacant sites *and if it appeared* to the Secretary of State—after consultation with the landowner and the sponsoring Ministries in the case of nationalised bodies—"that the land was not being used he could direct it be offered for sale" on the open market.

Initially only largest sites—those properties of more than an acre—would need to be registered while land sales would not be permitted to take place until owners had been allowed "reasonable time" to establish any beneficial planning use.

This is not the first time that a Conservative Government has examined measures to stem land hoarding. The Heath administration considered the possibility of introducing some kind *of* charge on land in both the public and private sector left unused for long periods of time but this was considered unworkable.

The property world has still to be convinced that the current proposal will prove much easier to administer but the establishment of a register of unused land will be widely welcomed. A major problem for developers and Government has been the lack of accurate information on the extent and quality of potential development space held by local authorities and nationalised industries.

Mr. Heseltine's strong views on the subject were expressed at a recent speech at the Royal Institute of Chartered Surveyors. He said: "Authorities should make it known exactly how much unused land they hold and why it is not being properly developed. That which is not absolutely essential and for which no proper development scheme exists should be released."

The unwinding of the Community Land Act and the reduction of Development Land Tax to 60 per cent are also attempts to ensure that a greater flow of both private and public land becomes available for development.

Willing

These combined measures should mean that more landowners will be willing to seek planning permission for future development or disposal—without the fear of punitive taxation or that local authorities will purchase their land compulsorily.

In addition, local authorities and other public bodies will have the right to grant longer leases—up to 125 years—and also to sell freeholds.

The agents Grant and Partners, in their latest review of the industrial property market, note that investment interest is already "coming back to centre upon freeholds, with 125-year peppercorn leases a second choice."

On top of these measures has come a whole series of other steps to reduce and ease planning controls—including a reduction in the need for Industrial Development Certificates; although in practice the number of certificates refused in recent years has been negligible.

However, industrial property developers and agents, although they soundly welcome this comprehensive package, do not believe that the Government's measures herald any immediate upturn in new development.

On the contrary, it is anticipated *that the high level* of activity over the past year is likely to fall over the next 12 months as rental growth declines in the face of soaring building costs and the country moves into recession.

Mr. Clifford Dann, of Clifford Dann and Partners and chairman of the Royal Institute of Chartered Surveyors *public* affairs committee, sees financial and economic restraints as just one of the hurdles to be overcome before the market can fully reap the benefit of the Government's proposals.

"A major question mark is what is going to happen to interest rates. At current levels it is uneconomic to borrow for new development," says Mr. Dann.

He is also concerned about attitudes of local authorities which will remain in a position to block development through refusal to grant planning applications and through structure plans.

However, as Mr. Dann points out, it is too early to see what attitude government will take towards structure plans which in a number of areas limit the level of industrial development. Or what the Government's own attitude will be towards the need to establish new development in areas of most need—not necessarily the areas where industry wants to go.

On top of this a number of vacant sites, like London's dockland, lack the necessary infrastructure, roads, sewerage services and so on, to support industrial or commercial development. And at a time of public spending cuts, it is difficult to see where the cash will come from to provide these services.

It remains to be seen, too, how much usable land is held by the nationalised industries—thought to be the worst culprits for land hoarding.

British Rail Property Board, for example, is estimated to have 1,400 miles of unsold former branch lines—equivalent to between 17,000 and 20,000 acres—but sales can be expected to make slow process in a market where plots one mile long and 100 ft wide do not command a premium.

"At least we will now be able to judge the extent and quality of the land banks held by the nationalised industries and *others.* This is a very important step," Mr. Dann says.

"We must now wait and see how these and other measures will work out in practice. The Government has gone some way to improving the climate for industrial and other commercial property development, but there still remain economic and other factors restraining development."

What is clear is that while the various Government moves may not have any immediate marked impact on development activity, they do make for a much healthier and less restricted climate for future investment.

Andrew Taylor

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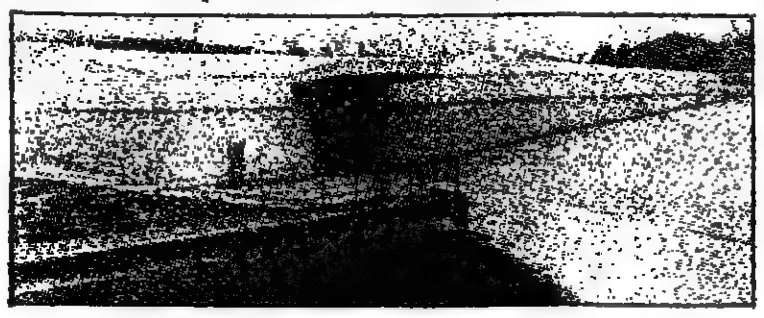

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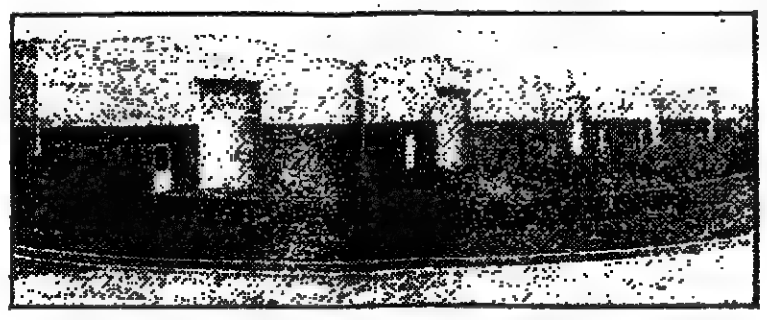

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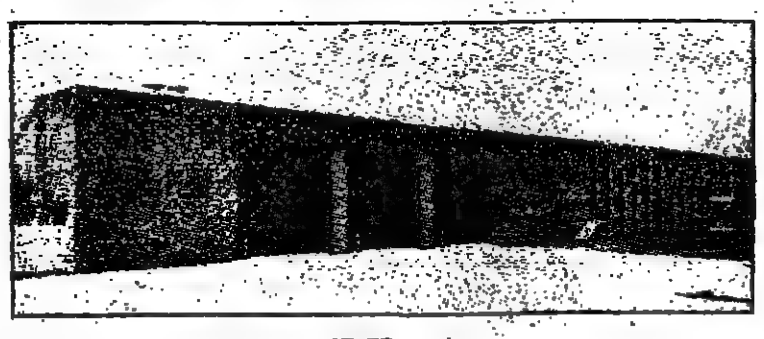

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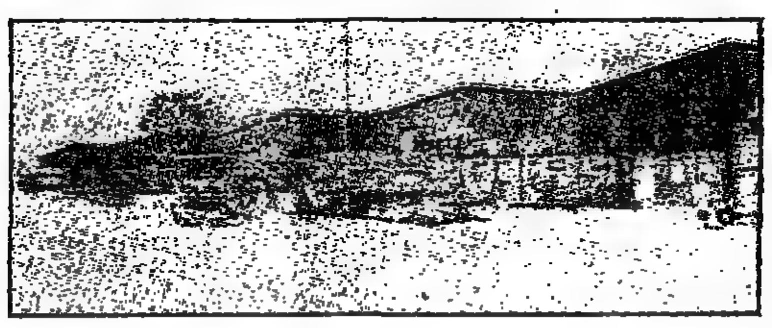

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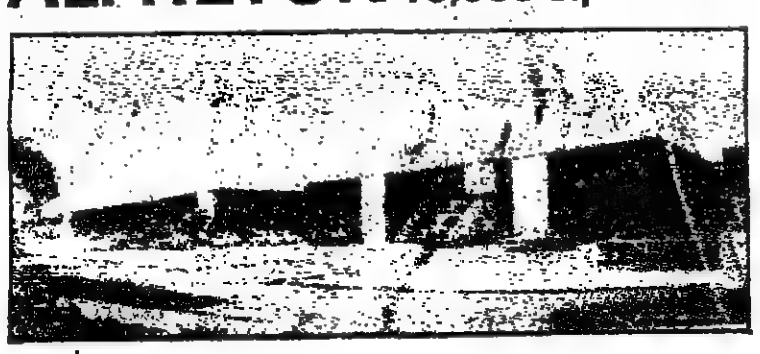

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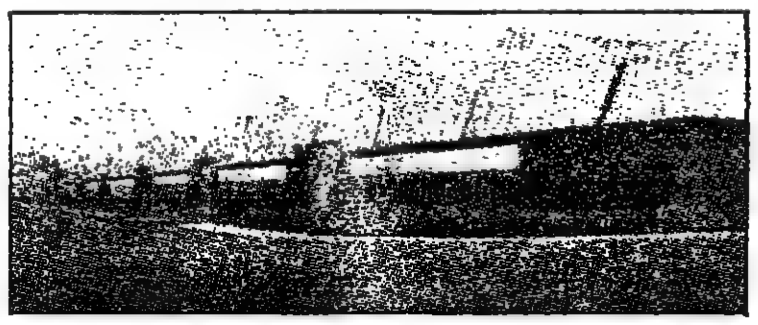

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Inner cities under review

TWO NEW URBAN development corporations announced this month by Mr. Michael Heseltine, Environment Secretary, are to be set up to deal with the derelict dockland areas of London and Liverpool. The initiative is aimed at reclaiming the vast acres of empty dockland now standing idle in both cities.

These new bodies are to be modelled on new town development corporations and legislation to be included in the next parliamentary session will give the urban development corporations access to a host of wide-ranging powers, similar to those enjoyed by the new towns.

However, the exact extent of these powers still has to be defined and Mr. Heseltine has not ruled out the possibility that some sectors, such as housing may remain outside the authority of the new corporations. One of their prime tasks will be to examine ways of enticing private sector investment into these derelict areas, he said.

Details of how much cash will be available to both new corporations still has to be worked out although Mr. Heseltine hoped that more money would be spent than otherwise would have been the case under the existing structure.

He said there were no plans for further UDCs and that the present *machinery* of inner city partnerships would not be scrapped although there was room for much improvement and greater efficiency by partnership bodies.

GOVERNMENT DECISIONS on future inner city policy could mark a watershed in attempts to come to grips with the problems of the UK's decaying inner cities — and the need to attract substantial new private investment to the traditional urban areas.

The future of a key element in the last Labour Government's approach to inner city policy — the seven partnership areas — has been under close scrutiny following the decision of Mr. Michael Heseltine, Environment Secretary, to order a full review of the partnership arrangements and the Inner Urban Areas Act.

Mr. Heseltine's decision to undertake a stocktaking exercise on inner city policy coincided with the Government's Budget announcement to cut special *funding* to the partnership areas by £7m as part of the general public expenditure cuts.

The decision to review both the *funding of the inner city* programme and, perhaps more importantly, the structure and workings of the partnerships reflected in part a general concern about the *slow progress* made towards regenerating the inner cities. It also reflected the Government's more general concern about the level of local government expenditure and manpower, the growth in bureaucracy and the low level of private involvement in inner city regeneration.

Involving the private sector has been seen increasingly as the key to the success of the drive to improve the inner city environment and at the same time, rebuild the economic base on which these areas depend.

Framework

At their conception both the partnership arrangements covering seven areas—Liverpool, Manchester and Salford, Birmingham, Newcastle and Gateshead, Hackney and Islington, Lambeth and London's Docklands—and the Inner Urban Areas Act were seen essentially as providing only the framework and stimuli for private investment.

The seven partnership areas, involving both local and central *government in consultation* with other bodies, were set up in advance of the provisions of the Act which became law last year.

The initial task of the partnership committees was to draw up detailed programmes for redeveloping the inner cities. In November last year Mr. Peter Shore, former Environment Secretary, called together the partnership members to discuss progress made during the first year of the arrangements.

By that stage all the partnership committees had *completed* the task of preparing three-year programmes, but despite continuing criticisms from bodies such as the Town and Country Planning *Association that* the programmes fell "far short" of objectives, the Government maintained that it was too soon to fully assess the scheme.

Perhaps the main criticism of the partnership structure has been that it is too unwieldy and, because of its bureaucratic nature, effectively excludes both potential private investors and local community groups and voluntary organisations from meaningful involvement. Although, publicly, most of the local authorities involved in the partnership schemes are in favour of the system, privately they have admitted doubts about its efficiency and concern that little can be achieved at partnership meetings attended by perhaps 60 or 70 people.

The other main criticism of the scheme has been its lack of any real financial muscle. Set against the annual total expenditure of about £17bn the £125m extra Urban Programme funds set aside for the inner cities is clearly marginal.

Extra funds for the inner cities have come primarily from two sources—urban aid grants and the "enhanced" provisions of the Inner Urban Areas Act.

Under the Act special urban programme grants to the partnership areas—and to 15 "*programme*" authorities—have been made in a three-year rolling programme. In the current financial year the seven partnership authorities were to have received *£73.6m* at November, 1978, prices in urban programme grants, while Docklands was allocated an additional £70m package of loans, grants and guarantee monies in February as compensation for the Government decision not to back the Trammell Crow trade mart complex.

It is on these figures that the present Government imposed the £7m cut. In 1980/81 urban programme resource allocations to the partnership areas were due to increase by £19m to £92.6m.

Despite the relatively small size of the urban programme funds when compared with total local government expenditure, the *Inner* Urban Areas Act has provided other real benefits. The rate support grant settlement and main line spending programmes such as health and education were "bent" under Labour to favour the inner cities.

Powers

In addition, the Act provided a wide range of additional powers to the partnership and other designated areas. Areas designated under the Act could provide commercial loans for land purchase, construction and modernisation of buildings, and loans for the installation of services of up to 90 per cent of the value of the land and buildings where other sources of finance were not available.

Where local authorities designated industrial improvement areas, the Act permitted them to give grants or loans for environmental improvements or to convert buildings to provide new jobs.

Ultimately, however, the test of this style of inner city policy has depended on the degree to which local authorities were able to generate new confidence in the business opportunities of their inner city areas and so attract private investment.

Against this benchmark the experience of the inner city policy has been mixed. In Liverpool, *for example*, where the whole range of State aids to the inner cities was on trial, there have been both successes and failures.

Private industry—and housebuilders—have shown renewed interest in the city centre and the derelict 400-acre South Docks. The City has been unable to keep up with demand for advanced factory nursery units.

Nevertheless Liverpool, in common with other inner city areas, has "suffered" as a result of the success of the "satelite" New Towns on its perimeter and the preferential treatment accorded to industry setting up on Merseyside as a whole under Government regional policy. These factors have made any real assessment of the impact of inner city policy that much more difficult to measure.

Against this background Mr. Heseltine and his Cabinet colleagues have therefore faced serious problems in deciding *how best to encourage private* investment in the inner cities while at the same time making more efficient use of public resources.

The two main alternatives which emerged during the Department of Environment review were either to streamline the existing partnership arrangements—or the far more radical approach of abandoning the partnership arrangement altogether in favour of the creation of new-town style authorities. Both sets of proposals were studied by Department of the Environment officials following a "tour" of *the partnership* areas by Mr. Heseltine and his Environment Department team.

A continuation of the existing partnership arrangements—in total or in part—has attractions if partnership meetings could be made more productive and responsive to the private sector and could have advantages in terms of continuity.

However, the new town corporation had proved its capacities as a vehicle for attracting new investment in the 32 new towns established in Britain.

While the idea of using the new town solution to provide the impetus for industrial redevelopment in the inner city areas is not new such suggestions traditionally have met strong *opposition from the local* authorities—who fear a loss of local democracy—and, under the Labour Government, from the Cabinet.

However, new-town style authorities could provide the renewed confidence in the inner cities because of their wider powers to attract investment and provide infrastructure free from many of the constraints imposed by local government involvement.

During the past few weeks the Cabinet has been asked to approve proposals for changing the status of all seven partnership areas. If the new-town option is adopted it would fundamentally change inner city policy and, together with other changes in industrial and environmental policy, could provide the changed climate which appears to be so desperately needed if the inner cities are to be revived.

Paul Taylor

Slow progress in dockland

LONDON'S DERELICT docklands present perhaps the greatest challenge to inner city policy—and potentially some of the most exciting opportunities for imaginative re-development.

With about 5,000 acres of land available for development Docklands, which straddles five London boroughs in the East End, is the largest and most generously funded of the seven inner city partnerships.

Nevertheless, progress in regenerating the Docklands area has been painfully slow. The lack of any real transport system to, through and from the area has been one of the major obstacles to new private investment. Difficulties caused by the different sectional interests of those charged with overseeing the re-development, complex planning controls, and a continuing uncertainty over the future of the Port of London itself, have added to the problems.

The blueprint for re-developing the Docklands area is contained in the London Docklands Strategic Plan published in 1976 by the members of the Docklands Joint Committee—composed of members from the five docklands boroughs, the Greater London Council, The Port of London Authority and community representatives.

Docklands has now been the subject of two separate investigations by the Environment sub-committee of the Commons Expenditure Committee. The last one, completed earlier this year, has yet to be published. Evidence to that committee provides an insight into the reasons why progress has been difficult and the extent to which original targets contained in the strategic plan have slipped.

In evidence to the committee in February the Joint Docklands Action Group, the members of the Docklands Joint Committee representing trade unions and community groups, pointed out that instead of the 550,000 sq metres of new industrial floorspace due for construction by 1982 only 159,000 sq metres were likely to be completed by then. Instead of the Strategic Plan prediction of between 11,000 and 13,750 new jobs created by 1982 the more likely figure is between 3,200 and 4,000.

Despite a few notable successes in attracting private industry to Docklands the private sector has shown an understandable reluctance to move into an area where transport and other facilities are inadequate and where there has been a lack of confidence about central and local government intentions.

Summarised

The attitude of the private sector to the docklands initiative was summarised by Tesco Stores in its submission to the Commons committee. Tesco produced a nine-point plan to improve private sector confidence in the area which included "the need to eliminate the delays in the policy/planning process which, to date, have hindered the effective redevelopment of docklands, with a consequent impact on investment confidence."

Extensive publicity campaigns both in the UK, following the lifting of advertising restrictions on London and abroad have failed to produce the prestige project so desperately sought by the docklands boroughs.

The decision of the Labour Government in February not to provide guarantees totalling £43m for the Trammell Crow trade mart project came as "a crushing blow" not only to Sir Horace Cutler, Conservative GLC leader, but also to the Labour-controlled London Borough of Southwark in which the 133-acre mart was to have been sited.

Although the Government topped up the £16.3m urban programme grants docklands was to receive in 1979-80 with an extra £70m in guarantees loans and grants as compensation for the loss of the project, alternative schemes have yet to materialise.

The successes there have been attracting new private investment, welcome as they were, are considerably more limited than the trade mart complex. Nevertheless, plans by the News International Group to build a £50m headquarters on a 13-acre site by the Thames in Tower Hamlets have provided a glimmer of hope. However, like a £4m speculative private industrial development by Fraser Wood Properties—

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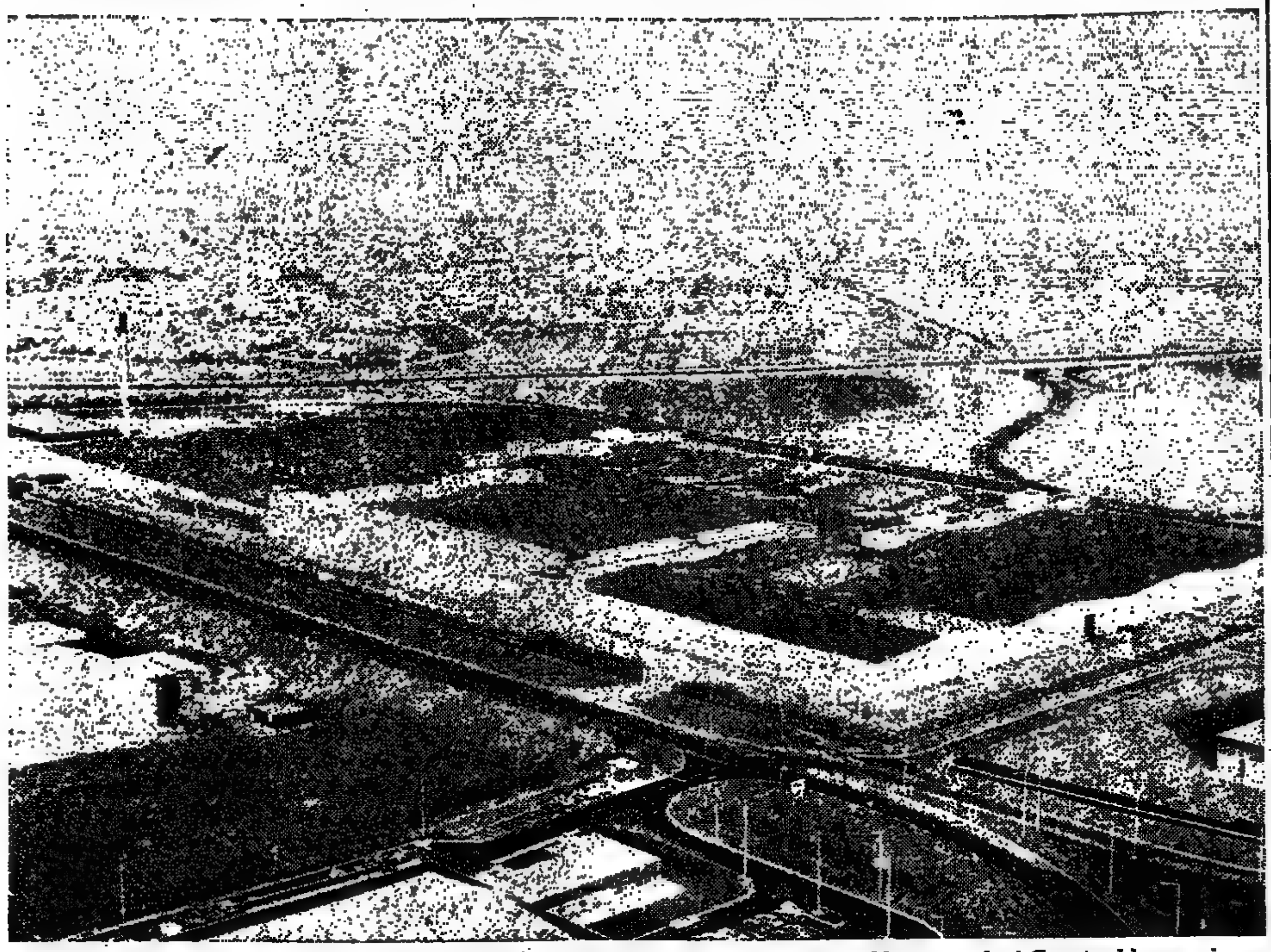

Biggest industrial property currently on offer in the North-West—the 624,000 square feet Courtaulds weaving factory at Skelmersdale New Town. It is being offered at a selling price of £3.75m

New worries for the New Towns

THE NEW TOWNS — those planned alternatives to increasing sprawl and congestion in Britain's older cities—have seen more political upheaval in the past two months than at any time in their 40-year history. And the upheaval is by no means over yet.

Over the past three years it has been apparent that the political climate in which the New Towns flourished has changed. Instead of praising the new factories, pleasant dwellings and attractive surroundings of the garden cities, politicians have been touring the centres of the great conurbations looking for ways to rebuild and rejuvenate them.

The "inner city" movement has been uneasily conjoined with the New Town principle, therefore, for some time. In fact since Central Lancashire New Town was established in 1970 no other has got off the ground.

Llantrisant, planned to be the third one in Wales, was abandoned amid controversy. Then Stonehouse in Scotland, even though it would have been managed by the development corporation of East Kilbride—a genuine augury of success—was not proceeded with although the land had already been acquired.

Positive

Finally, a year or two back, Governments embarked on a positive policy of encouraging investment in the inner cities, setting up partnerships between local authorities and central Government for certain of these areas which competed directly with the New Towns already struggling in a poor economic climate just beyond the city borders.

So the omens for a volte face on New Town support have been apparent for some time. However, it was only in July that the new Government began to wield the axe.

In pursuit of its policy of reducing the public sector's borrowing requirements and the Government's involvement in the economy, the new Government hit upon the more mature of the English New Towns—21 of the 28 in all throughout the country—as possible sources of funds.

Mr. Michael Heseltine, Secretary for the Environment, talked to their development corporations and suggested that they come up with a programme of disposal of their completed assets which would raise a really significant sum. To concentrate their minds during this period he imposed a moratorium on any new contracts they were planning.

Consequently, the association of New Towns agreed to sell £100m or so of their properties within the current financial year. In addition, as a result of curtailments on their access to development funds under the Labour Government's spending cuts last year, and under this Government's April Budget, they have to find a further £40m to fulfil their current development commitments.

The sales involved look like being one of the largest and hastiest property auctions ever arranged in the UK. Mr. Heseltine has called in Healey and Baker to give him personal advice; the association has appointed Jones Lang Wootton and Hillier Parker May and Rowden to undertake the actual disposal programme.

Meanwhile, the investing institutions, stuffed with funds earmarked for property and starved of prime properties on which to spend them, wait to pick off the plums in the New Towns portfolios.

The Government's urgency in raising the money has given rise to powerful fears that the auction programme—which at present looks like the solution being adopted—is not the best answer. It could, all too easily, leave the New Towns with a rump of poorer quality properties which would be a drain on the country for all time.

Other solutions are hastily being discussed of which the most favoured seems to be the establishment of each New Town, or even possibly a group of New Towns, into a Trust for Sale.

Under such a scheme, the trustees could then offer chunks of equity in the trust in a variety of packages. A proportion could be alloted by way of a property bond which local townspeople could buy; a proportion could be alloted to the local authority direct; pension funds with their special tax positions would be interested in a property unit trust; and insurance companies might take pure equity shares.

The benefit of such a scheme would be that funds could be raised against the revenue and potential capital growth of the whole portfolio of the town—bad as well as good—instead of involving individual property sales.

To date the new political intervention in the New Towns has been restricted to the order for the disposals, which amount to 21 per cent of the revenue-producing assets of the 21 New Towns in England.

Radical

But there are indications of even more radical intervention.

In July, Mr. John Stanley, Minister for Housing, told the Commons that "the future of the Commission for the New Towns is being considered."

The New Towns Commission was set up to administer the properties of four of the oldest New Towns, Hemel Hempstead, Crawley, Welwyn Garden City and Hatfield, when their development was substantially completed.

Under the recent order by which all the completed residential properties in the New Towns were transferred to the appropriate local authorities, the Commission lost much of its original role. However, in return it was to take over the commercial property assets of each New Town from the development corporation as its dissolution date was reached.

Thus next year the Commission is due to take over Corby, Stevenage and Harlow. By 1984 it should also have assumed the assets of Runcorn, Bracknell, Redditch, Washington, Basildon and Skelmersdale.

Since 1970 the New Towns Commission has been self-financing. Its management of the original four towns has produced a rent roll which has grown from £2.7m to £5.8m over the 10 years to March 1978.

It controls assets worth about £130m and has revenue reserves of at least £10m despite having paid off £20m or so of the £112m of borrowings needed to build the four towns in the first place.

The Government, by ordering the Commission to play its part in the property sales demanded this year, has obviously decided not to wait the long period of time needed to repay the total loans out of revenue.

The nine extra towns which the Commission will take over by 1984 will also come to it shorn of a fifth or so of their revenue-producing properties. And this must place a question-mark over the entire future of the Commission.

Meanwhile, in a curious compliment to the success of the New Town concept, Mr. Heseltine is considering turning the seven inner city partnerships into New Town-style development corporations. They would be funded, like the original New Towns which have had £2.35bn of loans so far, directly by the Treasury, and they would have much stronger powers to buy land and attract industry to it than hitherto.

The past few years have made it clear that fashion has turned against the concept of greenfield cities outside the borders of the conurbations designed for resettling some of their populations and rehousing some of their industries.

However, governments seem aware that the structure under which this concept materialised is not one which should be abandoned. The success of the New Town development corporations in attracting industry has been remarkable, particularly as their locations were determined by social need rather than commercial sense.

It is no coincidence that the development structure for the inner cities is intended to be along the same lines. Commercial property men have long mooted the idea of a New Town development corporation for such problem areas as London's Docklands — at present fragmented among several local authorities.

Christine Moir

Dockland

CONTINUED FROM PREVIOUS PAGE

backed by the Phillips and Pye pension fund—on a site close to the Blackwell Tunnel, the News International site is on the "more aceptable" fringes of Docklands itself.

The need for comprehensive infrastructure and particularly transport has been seen increasingly as the key to making Docklands a more attractive area for industrial and commercial development. On transport as on other matters, progress has been frustrated by a combination of a lack of funding, disagreements between the individual boroughs and an apparent lack of enthusiasm from central government. There are, however, indications that attitudes are changing. Although Mr. Norman Fowler, Transport Minister, like his predecessor, has expressed reseravtions about the cost of the proposed Jubilee underground line extension into Docklands, he has promised a "sympathetic" hearing for a wide range of road improvement plans.

Central to these road improvements is the proposed £130m Docklands Southern Relief Road. Last month the GLC announced the first stage in a consultation exercise designed to lead to a possible public inquiry into the route of the £6.5m twin-lane dual carriageway, which is seen by the council as a vital part of the plan to revitalise Docklands but is strongly opposed by some of the other members of the Docklands Joint Committee.

Disagreements between committee members on the route of the road do serve though to illustrate a fundamental weakness in the partnership approach to inner city redevelopment—a weakness which has been particularly apparent in Docklands.

Much of the evidence heard by MPs in the Commons Committee concerned whether or not the Docklands Joint Committee was the best structure to effect redevelopment. Critics outside the local government field have suggested almost unanimously that at the very least the existing structure had to be streamlined to minimise delays in taking policy decisions.

The members of the Docklands Joint Committee responded to this pressure in December last year by setting up a streamlined committee with executive decision-making powers. The move left overall policy matters to the full committee but meant that within the framework of the Strategic Plan a smaller committee composed of the leader of the GLC and leaders of the five boroughs was empowered to take day-to-day decisions.

At the same time, a new Docklands Development Organisation(staffed mainly by experts from the New Towns, was set up in an attempt to attract new jobs and industry to Docklands.

This organisaion might now provide the basis for a new style of development agency in Docklands should the Government decide to adopt a different approach to inner city policy. Such an authority, given wider powers than the partnership committee, could provide Docklands with a new direction.

Such a move would meet opposition from the Labour-controlled borough councils, but would also command the strong support of bodies like the London Chamber of Commerce, the Port of London Authority and, significantly, from Mr. A. G. "Tag" Taylor, chairman of the Association of Metropolitan Authorities.

The Port of London Authority has offered to hand over about 1,000 acres of unused land to a new authority in return for the writing off by the Government of part of its £96m debt.

When coupled with measures already announced to ease restrictions on development in London such a new-town might herald new hope for Docklands and provide the confidence needed to stimulate private investment.

Paul Taylor

Competition for prime sites

IF INVESTMENT prophesies are ever self-fulfilling, the industrial property market is the right place to be. And if economic trends and forecasts have any impact on rental growth and values, warehouses and factories should be strenuously avoided.

These are two constrasting views of the industrial property scene and, as usual, neither is entirely right. The answer lies somewhere between the two, with the successful industrial investment *resting squarely* on a policy of careful selection.

The economic prognosis is alarming. Productivity is no better than three-day week levels, Britain's industrial basis is said to be shrinking every year and what little real growth we have achieved recently is widely expected to be whittled away by a world trade recession, adverse currency parities and high wages.

But as Grant and Partners, estate agents specialising in the industral market, pointed out recently: "The level of new development activity—particularly that initiated by the major institutions—has been spectacular with spirited competition for now scarce prime sites. In this climate, values of industrial property throughout the UK have risen sharply."

At first sight, this explosion is inexplicable. Interest rates are high (and the coupons offered on Government stocks amply reflect the cost of money), building costs have inflated and land prices are soaring.

The industrial investment structure naturally rests on rental expectations, however, and the industrial property sector, over the past year or so, has done the institutional investor proud. Can it continue to do so *if the spectre of recession* becomes a reality and the UK manufacturing base shrinks still further? Clearly not, at least not on a wholesale basis.

There are a number of intrinsic reasons why the factory and warehouse sectors have done so well. If the office and shop investment markets are leading examples of imperfection, the charge cannot be laid with the same vehemence at industrial space.

Factories and warehouses can be acquired for a very much smaller capital outlay than a high street shopping site or a headquarters building for a commercial tenant. The fund manager thus achieves a very much better investment spread and cuts the risk implicit in tying a large proportion of his portfolio in one development.

This problem is usually surmountable to the manager of a large, mature fund but newcomers *have often baulked* at this high cost relative to cash flow. If, as some now argue, the industrial property sector is in danger of over-heating, it is possible that fledgling funds have raised the temperature significantly in an effort to get their money into the ground and revenue-producing.

It is now widely agreed that yields on prime industrial space have been pushed down to 6.25 per cent. That may allow for an occasional quarter point leeway on either side but, at these levels, returns offered by alternative investment media demand a significant rate of rental growth.

Because industrial rents have been rising from a low money platform, growth has outstripped that of commercial or shop investments. A factory rent which *rises by, say, 50p* per sq ft from £1.75p has, after all, matched the performance of an office in which rents rise by as much as £4 to £18 per sq ft.

Grant's own estimate of rental growth in various parts of the country in the 12 months to last June show just how dramatic the effect of just a few additional pence per sq ft can be.

The firm concluded that overall rents had risen by 18.2 per cent over the year, breaking down to an average 18.7 per cent uplift in London, 20.3 per *cent in London* and the Home Counties and 16.1 per cent in the provinces.

And the old saw that the three criteria of successful property investment are location, location and location is no less true for being a cliché. The analysis is founded on a schedule of rents for a 10,000 sq ft standard warehouse, distribution depot or *light industrial* unit of modern design and construction situated in an established main road trading location, in various centres.

The survey knocks down some of the old fallacies about the rich South East and an impoverished hinterland, for the highest rental growth rates simply do not always break down in such a simplistic fashion, but it is noticeable that rents have broken through the £3 per sq ft barrier in the inner suburbs of South West London, inner boroughs of West London and the King's Cross, Camden area. And the best advances have been recorded in pivotal areas of the road and airfreight networks.

As stockbrokers Vickers da Costa pointed out in a survey earlier this year: "Growth within the industrial property market continues to be dominated by the expansion in warehouse space resulting from the growing international trade in finished manufactured goods."

Stability

The British economy has shown an *uncommon ability* to "suck in" imported goods and the position has been exacerbated by the apparent stability of a high sterling exchange rate. With the hefty effects of a tax cut coming through this autumn it may be wrong to assume that the level of import activity is about to die away in the near term. In many cases, overseas manufacturers have circumvented any threat (however unlikely) of protectionist measures by setting up factories and depots in this country.

So, *even with* Britain's rather lop-sided current involvement in the world economy, investors can have reason to feel cautiously optimistic about the light factory and warehousing markets, provided their funds are committed to a prime location.

As things stand, bulls of the industrial property market can argue that supply is still rather tight, if somewhat less restricted than conditions prevailing at the peak of the cycle in 1974. King and Co., another *estate agent with a specialist* knowledge of the sector throughout the country, estimated that the amount of vacant space available as a percentage of total stock at the end of last year was 1.5 per cent for factories and 2.4 per cent for warehouses.

But as *Grant has pointed out,* developers have rushed to try to balance the supply/demand equation this year and the pendulum is in danger of swinging *the other way if speculative* builders ignore the precept of trade-related communications as the arbiter of rental growth prospects.

There is a possibility, however, that adherence to the principles of good location will be self-defeating. Building costs are inflating by 1½-2 per cent each month and land sold to developers attracted to the magnet of Heathrow Airport is changing hands at levels approaching £400,000 per acre.

Prices in excess of £300,000 are by no means a rarity in the South East and it is estimated that industrial site construction can be economic in such a climate only when rents reach about £2 per sq ft. In many provincial areas, rents are lagging behind this target.

For the moment it seems that much new development has been concentrated in regions of peak demand. So far, tenants seeking accommodation near Heathrow and the road network which links the airport to the capital have proved willing to *pay over £3 per sq ft and it may* well be that rents of £3.50 will be reached in the short-term future. Factory and warehouse rents are still a far lower proportion of fixed overheads than those of retail and commercial premises.

But this is development—and investment—in a hothouse and while there has been a high *level of investment throughout* the country, the area around London Airport and motorways through the Home Counties are leading the field by some considerable margin. Unfortunately, plum sites are in very short supply and institutions have been markedly unwilling to opt for anything but the very best developments.

A target of 20 per cent industrials within a direct property investment portfolio has not been an uncommon aim. If this objective has not always been realised it is often because managers must take a pragmatic view of the prime property market in all three categories and seize opportunities in an era of limited supply where they can.

It does seem, however, that the institutions are rather less *willing to push the industrial* market temperature any further up the thermometer. Yields of 6.25 per cent may be about to stabilise, certainly they have paused at that level for the past few months.

Overseas investment now becomes more feasible. The pace of U.S. involvement may be rising and perhaps the scars of past European ventures have healed. The Budget untied many of the investment strings.

Measures announced by the Chancellor at the same time to repeal the Community Land Act and reduce the rate of Development Land Tax to 60 per cent coupled with the pressure to cut Government spending has increased the availability of local authority-owned or sponsored development sites.

The steam of the industrial sector should be allowed to evaporate for as Grant and Partners stress: "Stability in the property investment market—with its ramifications throughout the entire basis of financing industry and the provision of employment—must be maintained at all costs."

Ray Maughan

Warehouse market buoyant

BUOYANT is the word the industrial property world is using at present to describe the warehouse market. Rents, especially in the South of England, are moving upwards as demand for storage space shows every sign of outstripping supply.

According to the latest survey from chartered surveyors King and Company, the amount of warehouse space available in England and Wales in April of this year was a full sixth down on the level of December 1978. Of the eleven regions surveyed only one managed a modest increase in space available, while in some parts of the country the survey suggests a considerable squeeze has begun to take place.

Excluding premises with less than 5,000 sq ft of flooring, warehouse space in England and Wales dipped from 27.1m sq ft to 22.4m in the five months to April. "In prime locations there is now a very limited choice of modern single storied premises to let and this is especially so with freeholds," King and Company warns.

There was a gain of 3 per cent to 10.5m sq ft in the East Midlands but this was right against the overall trend. London and the Home Counties suffered a decline of 22 per cent, leaving the area accounting for 39 per cent of available space against 42 per cent just five months earlier.

The amount of warehouse space available has been shrinking since December 1978 but the chartered accountants' latest findings point to a marked acceleration in the trend. From December 1975 to April 1979, storage space available in England and Wales declined by 40 per cent. But more than a third of the shortfall occurred in the final five months of the period.

A number of conclusions are drawn. King and Co. point out that in recent years developers have paid greater attention to smaller units. Those with less than 5,000 square feet of flooring fall outside the scope of the survey. But at the same time, new building appears not to have kept pace with demand. This is partly the result of social and political pressures.

As unemployment mounts it has become increasingly difficult for developers to gain planning permission for warehouse construction. Local politicians understandably press increasingly for labour-intensive manufacturing development rather *than storage facilities* which provide relatively low levels of employment. King and Co's. survey, which is spread across manufacturing as well as warehouse property, reflects this pattern of events.

Of the total sample, manufacturing industry accounts for 55 per cent of available floor space with warehousing the balance. At the end of 1978, manufacturing floor space accounted for 52 per cent of the total sample.

As for demand itself, there are a number of key strands. Following the latest twist in the oil price spiral, transport cost are an obvious pressure point. A decade ago the retail and distribution trades were moving towards larger warehouses set at ever greater distances from each other. Today, conventional planning tends to move the other way as fuel becomes a major and unpredictable variable in the cost structure of the transport business.

Fashions in consumer goods are an equally important factor in lifting demand for warehousing: against a background of weak domestic manufacturing output the popularity of imported goods goes from strength to strength. Consumers' tastes in cars is a graphic guide to the demand patterns now being seen in nearly all sectors of the consumer durables field.

The buoyancy of the warehouse market is not a totally national experience, however. Rising demand is confined to a number of well-defined areas. The South East of England is a *prime* area *where, for* the "right property," rents this year have risen by as much as a tenth.

Acceptable

This sort of rental strength has helped lift warehousing to the top of the pile in terms of investment by the developer. Most industrial property developers now find warehousing "every bit as acceptable" as prime factory property. At Slough Estates, warehouses account for about 60 per cent of the property portfolio following increasing concentration on this sector.

The company has recently *completed a 100,000 sq. ft.* warehouse which it was prepared to sub-divide in order to let it fully. But the property was quickly snapped up—by the wine merchants Saccone and Speed — and Slough Estates reports plenty of new work on hand. The company's portfolio has a book value in excess of £200m, a land holding of more than 2,000 acres and a completed floor space of about 16m sq. ft.

Structurally, the modern warehouse has changed little since the 1950s, though it is now found in a vastly increased variety of sizes. From modest units of less than 5,000 sq. ft., the modern warehouse can range up to 500,000 sq. ft. Warehouse heights, having increased sharply in the 1960s following advances in mechanical handling technology, now seem to have stabilised at between 20 and 24 ft. at their loftiest.

The average size of a warehouse in this country is probably in the 40,000 sq ft range. There have been no obvious new developments in construction in recent years and these buildings rmain the simplest of commercial structures. Equally, building regulations are minimal and comparatively uncomplicated—*in contrast to the complexity of* design found in many manufacturing estates.

According to King and Co., the number of warehouses sampled of 100,000 sq ft and over rose from 90 to 96, while the percentage of buildings not more than 10 years old moved down to 49 from 56 per cent. Single-storey buildings again accounted for 87 per cent of the sample.

Outside London and the Home Counties, the main pressure points in terms of the squeeze on floor space were the North East and Avon and the South West where the five months to April saw available warehouse space decline by almost a third.

Jeffrey Brown

INDUSTRIAL PROPERTY VII

Small factories set a growing pattern

BRITAIN MAY once have been described dismissively as a nation of shopkeepers but now a nation of small workshop users may become a more appropriate tag. Development of nursery industrial units to match this trend is growing apace.

The term nursery unit, with its kindergarten undertones, might imply some *junior*, even experimental enterprise. Far from it. Occupiers of nursery space are encouraged to grow, to expand into adjacent space *and eventually to take* a major site on an industrial estate.

The concept is by no means new: nursery units were developed in the post-war new town construction phase but it is only in the last few years that it *has been realised* that the majority of the working population is not employed by the ICIs of this world but by small manufacturing and service companies. However fragmented the approach sometimes seems, all sides of industry are pushing for further aid for the small businessman.

Estate agents from nearly every part of the country report *that the market for these* units is hard and very buoyant. Space is let as soon as construction is completed.

Climbing

King and Co., *a specialist* agent in the entire industrial property market, estimates that the rate of nursery unit development is climbing rapidly. It calculates that the amount of vacant space on the market in *the southern half of the country* has roughly doubled in the past two years and that perhaps 2m square feet of the 16m square feet stock of modern (under 10 years old) vacant space comprises units of under *5,000 square feet or less.* It is interesting to note that all nursery space is modern and is let immediately.

The upturn might have run out of steam had it not been for the recent entry of a powerful new source of funding. The market for these small units has long been fostered by local authorities whose efforts were sometimes complemented by the private investor willing to take a year's view of rents and values.

But, as the pension funds and life assurance companies began to pick up the pieces of failed property empires after the 1973-1974 market crash, they quickly realised that the risks inherent *in direct* industrial property involvement were not insurmountable. The rewards, as we *show* elsewhere in this survey, have been attractive.

But until recently, their interest was confined to large *units, 10,000 sq ft and upwards,* which would attract blue chip tenants and thus the desired covenant. It has been perbaps a mixture of a little social awareness, swift lettings and high rental growth which has drawn the institutional investor into the nursery market in a growing way over the last two years.

If it is remembered that an institution is committing pension fund payments or life assurance premiums to a building over a 21-year or 25-year term, *it is easy to understand* the desire for financially secure tenants; and a listing on the Stock Exchange is perhaps the best, *if not surefire,* guarantee of a first-class covenant.

The record of small business *failures is not encouraging and* by comparison with larger units, nursery space is relatively expensive to develop. The wall brick to floorspace ratio, for example, is higher and the use of loading bays, usually planned at a width of 60 ft, is less economic.

Tenants come and go, their use of outside storage is often frequent and in the words of one agent, an industrial nursery development quickly gets to look "quite mucky." In other words, small units entail a far higher degree of management.

However, the market *has* adapted to the needs of a funding institution. Local authorities may develop units from 800 sq ft upwards but this is regarded as quite uneconomical for institutional developers who *would normally look only* at schemes where the average unit space starts at around 3,500 sq ft.

If an institution is to accept the burden of estate management and is willing to accept *the absence of* blue chip covenant, a higher investment yield is generally incorporated.

It should be said that while the small businessman predominates, quoted companies *still* need space for storage and distribution *in most areas* of the country. But an institutional investor would still look for a premium of perhaps one or two points over the conventional industrial property market yield on most nursery developments. *That would* imply an initial return of, say, 8 per cent, perhaps a little more.

Where a local authority takes an overriding lease on a scheme and so guarantees the covenant, as an institution would expect for units of less than 3,000 sq ft, yields will stand a little *closer to the price industrial* norm.

Lease

For example, two local authorities combined with a developer to build 12 nursery units on land owned by the developer outside Leicester. *These offered space varying* between 2,000 and 4,300 sq ft. The local county council has taken an over-riding lease on the estate at a starting rental of £49,000 annually exclusive and the resultant investment *has been forward sold to the* London Borough of Croydon Superannuation Fund (which was advised by Knight Frank and Rutley) for £675,000 to *show a net* yield of 7 per cent.

The small businessman rarely *thinks of a rent in terms of a* charge per square foot. The nursery unit tenant often discusses a rent with his landlord as a cash sum that he can *afford each* week. *He may,* for instance, weigh the cost of increased rent on expansion against the wages of a new secretary.

If he defaults, goes out of business or quits the tenancy for any other reason, demand is such that the space is filled *almost* immediately. So rather than face a void, the landlord is faced with the welcome prospect of an early reversion. Reversionary terms, in any case, are generally fixed for three years which, although not by *any means* uncommon, *is not* yet the norm for larger industrial units.

In prime locations in West London, to name one area of keen investment interest, rents are now achieving £3.50 or £3.56 per sq ft and are expected to approach £4 by the end of the year. After climbing from a level of about £3 at the end of last summer, nursery units have substantially beaten the performance of units over 10,000 sq ft in which rents have grown by between 15 per cent *and 20 per cent.*

In the words of Grant and Partners, another specialist agent in the industrial property market: "Nursery units bring life to an estate and often enable a developer to let larger space quickly."

While a policy of urban renewal is to be applauded, and efforts to bring small businesses back into town and city centres is best served by joint co-operation between local authorities and institutions and a thorough understanding of each other's needs, criticisms are being *quietly voiced at the level of* nursery development on greenfield sites.

Since the size of nursery units limits flexibility and very much opportunity to develop new manufacturing processes, the criticism runs, *the rush to* serve the small businessman is building obsolescence into the modern industrial base. Some would argue that it is difficult *to link more than two small* units and the expansionary step up from, say, 6,000 sq ft to 10,000 sq ft may be difficult.

For the moment, the nursery unit market has had a good run and the current level of demand *for such space helps to ensure* the prospects of further rental growth. Institutional difficulties over covenant have been mostly sidestepped and yields show an attractive premium to other sections of the property market.

It now remains to be seen whether the commitment on all sides to bring much-needed industry back to the fast-emptying city centres is something more than an ideal. Or is greenfield expansion simply the easier development option?

Ray Maughan

Building costs accelerating

THE MOST striking aspect of industrial building costs *in the* past year has been their acceleration. Percy Bilton, the industrial developer, believes costs have been increasing at the rate of 1½ per cent or so a month, an annual rate of 20 per cent.

Other observers think the *rate of growth* has been even higher—to perhaps 30 per cent on an annualised basis.

Opinions differ as to the reasons for the increases which are *distinctly more marked than* they were a year previously. Some argue that contractors are simply passing on increased costs of materials, wages and overheads. Others believe they have been trying to claw back *some of the margins lost during* the grim years of 1975-77.

Materials costs, according to all the official figures, have been on the up recently (when have they not in recent years?) But the pace has been steady and regular rather than spasmodic or dramatic.

Wages, on the other hand, have leapt ahead. And there is more to come. Current negotia*tions are revolving round* a basic 35-hour week, extra paid holidays and higher basic rates. If only some of these demands are met contractors' wage bills this year will rocket.

Nevertheless, wages alone are insufficient to account for the level of increase in overall costs and this has led some observers to believe that contractors have regained sufficient self-confidence to start plumping out their margins once more after the long years of lean, if not invisible, margins accepted in order to get scarce work during the recession.

Mr. Graham Bowes, on the industrial side of Bernard Thorpe and Partners, said recently that during the recession contractors had been on a tightening spring which had finally been wound *to* its limit. Now, with more work about, he says, *that* spring was uncoiling rapidly.

The view commands respect but it is difficult to reconcile both observations with the fact that developers *claim* that recent tenders have all produced offers within close tolerances of each other, and with the renewed claims by the contracting industry that it is once again starved of work.

Whatever has been *happening* in recent months, there are better grounds for thinking that the next year will bring more tightening of the spring for the contractors.

Industrial developers at *present have had a reasonable* run. Prime warehouse rents of up to £2.75 have increased at a level which has kept pace with building costs and allowed some scope for absorbing increases in land and ancillary costs such as *interest charges.*

As a result, according to the developers, building programmes have been running at a rate not seen since the early

The warning signs of overheating do exist, however. Industrial land is fetching prices which bear no resemblance to drawing board viability studies. The more seasoned companies *have reluctantly paid as much* as £250,000 per acre to top up their land banks with exceptional sites. But they are baulking at the £300,000 level reached on several occasions recently.

Gamble

Others have gambled on continuing rent rises and paid as much as £400,000 per acre. With *interest rates remaining high* and building costs rising by, say, a quarter over a year, investment at that level represents quite a gamble on rent increases.

Mr. Alan Smith of Percy Bilton is not so sanguine. His company is anticipating a slackening of demand for industrial premises in the coming months and he wonders whether rents will continue to keep pace with cost inflation.

It is difficult to pinpoint in pounds per square foot the cost of a standard warehouse unit which meets institutional requirements because of the different criteria used by different companies. Some include heating in their basic costs, others a proportionate share of approach roads and landscaping. Nevertheless, *there is some consensus* on a figure of between £13 and £15 per square foot, excluding fees, land costs and basic site infrastructure.

The justifiably complimented international study conducted by Slough Estates on comparative building costs for standard *industrial units does not throw* much light on actual levels of costs. But it does suggest that whereas in 1976 UK building costs were just about the highest in the world, they have now become comparatively *cheaper,* with Belgium, Germany and the U.S. costing more in terms of basic building.

Where Britain continues to score low, however, is on the time taken to get a project built —from working drawings, *through planning consent,* to completion. The time taken in producing drawings obtaining planning consent and pricing a project in the UK continues to be longer than anywhere else, and is a major factor when financial carrying costs are high.

However, the time taken for actual construction has improved markedly since *Slough's first study in 1976*—by nearly a third. According to Slough this is largely due to over-capacity and scarcity of work in the building industry.

At the same time, however, the UK's comparative performance is *still poor. The control* project in the study took 39 weeks to build in the UK. Projects as similar as possible in Germany took only 18 weeks. Even in Belgium, the country with the second slowest *performance* record, they took only 26 weeks.

Slough attributes the slow performance in Britain to a variety of factors, ranging from unreliable delivery of materials and non-standardised components to shortages of certain skills, outdated materials handling methods and the "absence of a sense of urgency."

The point about standardisation of *materials* and components is a particularly important one. Many developers complain that because the supply of heating units, electrical parts and plumbing fixtures is subject to frequent interruption, it is *particularly important that* contractors are able to mix and match units from whatever source is available. This, however, is not possible on any scale in the UK.

Other developers are con*cerned about inhibitions* imposed on them by inflexibility in the institutions' requirements for an investment building. They complain that architects occasionally hit upon truly beneficial innovations in building design or construction which would provide significant *cost savings, only to have them* barred by the standards laid down by institutions' agents.

How far this complaint is a practical rather than a theoretical one is hard to determine but with building costs rising at the rate they are, a threat of slackening in rental growth and a continuing period of high finance costs, every way possible must be sought to keep costs under control.

Christine Moir

Prices climbing steadily

LONDON/SOUTH-EAST

THE INDUSTRIAL property market in the South East can be summed up by the catch phrase "So far so good." The market has been undoubtedly strong for some time with rental levels for good prime site property comfortably over the £3 a sq ft figure that was still a talking point at the beginning of 1979.

Institutional money continues to pursue industrial property—politically more acceptable than office development—and yields have been depressed in consequence to about 6¾ per cent.

Despite the *increasing* number of gloomy predictions for the UK's economy over the next year that continue to flow from the analysts' typewriters, the pressures of continued high interest rates and the effects of a strong currency on the trading prospects of UK exporters, prices of industrial property appear to climb steadily every month.

Undoubtedly company liquidity will come under pressure this year. A recent Department of Trade survey showed some improvement in company liquidity in the second quarter of the year but that did little to change expectations of a significant increase in companies' borrowing requirements this year.

These features provoke the question of how long the market, even in the traditionally more buoyant South East, can keep pushing ahead. Indeed, a certain amount of caution tinges most conversations with agents looking ahead to the end of this year and into 1980.

Pressures

Though *some bullish opinions* still can be found the prevailing view is that companies will look more carefully at their expansion plans as pressures on liquidity grow. Some capital expansion *plans* could well come in for the axe though the South East does have in its favour the continued demand for warehouse space.

This is a reflection not only of its traditional role and the way the motorway links favour the capital and its outlying areas, but also because the strength of sterling drags in more imported goods which have to be stored before being fed into the distribution network across the country.

Nevertheless the market in the South East could well be *heading* for a *steadying period* with rental levels stabilising. Increasing rental levels have opened up the margins over building costs to a stage where there is a satisfactory profit for developers. While building *costs* may continue to rise there could well be a resistance by companies to steadily creeping higher rental levels. This could result in pressure on land values.

Is the market in the South East heading towards the condition of an over-supply of industrial property? Probably not *is the likely response*. The floorspace survey which is carried out periodically by agents King and Co. shows that there has been a fairly high level of new development the overall amount is not rising.

The amount of new property coming in appears to be holding stable and the take-up rate is such that there is no glut.

Admittedly there is a fair amount of development in the pipeline which has to be absorbed and there could be some over-supply showing up in the new year but probably this will be localised rather than general, and well placed development should still find takers. And, of course, one of the big differences between now and 1973 is that at present there is a shortage of the right type of industrial property available, but then there was a surplus.

However there are some optimists around. The shakeout in heavy industry, such as that recently announced by BL, may have a "knock-on" effect for component suppliers in the South East but the South is where most people live and work and some agents, such as Richard Ellis, take a bullish view, even though they may agree that rental levels could be in for a period of stability over the short term.

Anyway, for the moment the *market seems* as buoyant as ever, though possibly companies are becoming a little more choosey in what they go for. Small units continue to be in good demand and, perhaps more surprisingly, larger units in the 20,000 sq ft to 40,000 sq ft range have also been moving quite well. It is, at least one agent reports, the middle range which is slow moving.

Despite Government pressures to try to direct industrial building back into inner urban areas —the earlier philosophy of decentralisation *having long been* abandoned—it is still the traditional areas in the South East which attract new investment.

Exception

The Docklands area (which is covered by a separate article) is a focal point for redevelopment in the capital but that aside there is very little happening there. One exception is some new industrial building which is taking place in the East End. Much of the demand in that area comes from the clothing manufacturing industry —a traditional occupant of the East End, which can take advantage of some of the older multistorey buildings.

One drawback for new *industry considering* coming into the area is that it is a high labour cost area. Also road links in East London are often regarded as below par, though no doubt they have improved.

Agents Bernard Thorpe and Partners have a development in the Stratford area of East London known as the Bow Industrial Park. Units of 5,000 to 8,000 sq ft are letting at £2.65 a sq ft, and the agents believe that the East End could take off as it is one of the few areas in London with land available in anything like reasonable size.

Further afield the airports, Heathrow and Gatwick, are focal points for development, and naturally enough warehousing space accounts for much of the off-take. However, such has been the extent of development around Heathrow that some agents suggest that a more modest level of expansion is required to avoid the obstacle of over-supply.

Haslemere Estates has recently completed a 290,000 sq ft estate developed in conjunction with Scottish Amicable Life. By far the biggest part of the site was occupied by the British *Airports Authority*, which took up to 162,000 sq ft. The rest was spread around seven other companies with AKAI taking 23,000 sq ft down to Smiths Industries with 10,500 sq ft. Rents on the site are said to be at £2.30 a sq ft—which seems very reasonable given the area.

In the same area Percy Bilton *is just starting* the final phase of a development in the Hayes region. This will be about 40,000 sq ft and rents are likely to be in the region of £3 a sq ft.

Richard Ellis has a success*ful letting* story in the same area. Its Pasadena trading estate in Hayes totals 102,000 sq ft. The first letting was to Home Charm, the DIY home decorative retail chain, which took the *first three* units and rents are understood to have crept up by a fair amount since the early months of 1979 to £2.75 a sq ft now.

Ellis is involved in another *development* in the Heathrow area. This is a Bovis scheme called the Heston Centre amounting to 148,000 sq ft of office and warehouse space. The final phase has just been started —50,000 *sq* ft beside the M4— which will offer a high degree of office accommodation. This sort of development appeals to companies incorporating a head office with a major warehouse within *striking distance* of London, but avoiding the high cost of city centre offices.

Moving further south, there is a development by the Electricity Supply Nominees in the Wimbledon area where the joint agents are Michael Laurie and Richard Ellis. In all the site—Merton Industrial Park—will offer 300,000 sq ft of space.

Courage and Nestles have taken up *substantial amounts*—55,000 sq ft and 95,000 sq ft respectively—and rents are said to be in excess of £2.50 a sq ft.

Sprawl

Two more units are expected to be completed next year—30,000 sq ft and 45,000 sq ft—but asking rents are predicted to be much higher — reflecting substantial amounts of office space within the new units and perhaps a certain amount of optimism.

Industrial *expansion* in the South East tends to sprawl along the motorway network because of the obvious benefits of communications, especially for warehousing or light industrial requirements.

There are plenty of examples of motorway development. Pendham Place Estate, a Haslemere development, is a classic one placed in the area of the junction of the M20 with the M25. The first phase of this development in Swanley, *amounting to about* 155,000 sq ft, has already been taken up by Harris Carpets, which will use it for one of the most modern computerised warehouses in Europe. The second phase will be seven units offering 100,000 sq ft.

Looking towards the South Coast, in the Southampton/Portsmouth area good industrial property can be found for not much over £2 per sq ft, but even this represents a very big jump on the £1.40 figure that was the norm at the beginning of the year.

Terry Garrett

Confidence falters

MIDLANDS

WHILE THE Midlands industrial property market continues to be well balanced in *terms of supply* and demand, and rents are still moving upwards, some doubts are now being expressed about how long this happy situation can last.

Sufficient finance seems to be *readily available for developers* who are confidently going ahead with a number of projects all over the area, and even the old bogey of troubles at BL has failed to be a deterrent.

However, it is recognised that if the economy is on a downswing, the motor industry and its associated suppliers in the Midlands will suffer quickly, and so will the industrial property market.

Some agents argue that the motor industry threat is overplayed since the development of industry in the major production areas is now highly diversified, particularly in the type of smaller companies seeking premises.

It is in this sector of "nursery units" up to around 5,000 sq ft where rents have risen quite sharply since the start of this year, and the £2 a sq ft barrier has been broken. Some agents report that prices of about £2.25 for new premises in choice areas are being paid.

Constraint

Demand has been particularly strong in the south of Birmingham, parts of the Black Country and in most inner city areas for smaller units. Earlier fears that the supply of building land would be a constraint on the market have been allayed by the new Government's lowering the *Development* Land Tax and probably its psychological as much as its real effects.

The steadily increasing cost of development, estimated to be between 15 and 20 per cent in the past 12 *months*, *has* been fully reflected in rent increases, but it is clear that pressure on company profits could easily create resistance to further rises.

Two new projects under development will provide a good guide to the way the market is moving: these are a large undertaking by Brian Samuel Properties at Solihull, where the motor industry theory may be tested, and the West Midland County Council's Tame Road industrial estate.

The latter, which is now nearing completion, is made up of 17 units up to about 5,000 sq ft, with the smaller ones of about 1,500 sq ft clearly likely to attract immediate demand.

According to Grimley and Sons there is still a widespread need for warehousing facilities all *over* the area, and those particularly well situated near motorways are at a premium. But planners are increasingly applying pressure for the development of factory *premises rather than* warehouses, since they create more jobs.

The company reports that demand for large complexes remains limited, except for developers who see an opportunity to split them up or redevelop the site into smaller units. However, this is not always easy since there is often planning opposition, and the cost of redevelopment, taking into account space taken up by new access roads and parking space, is high.

In Coventry, leading agents suggest that rents there have also passed the £2 a sq ft mark and are continuing to rise, with demand spread evenly throughout most areas of the city.

The proximity of the M6 and the city's generally good position from the transport point of view continue to be an attraction, and agents also believe that the success of the National Exhibition Centre has created a demand for warehouse space *on the western edge of the city*, as it has on the fringe of Birmingham.

Although there are also fears in Coventry that the problems of BL will spill over into the *property market*, *they are also* confident that any vacated BL premises would quickly be taken up by alternative occupiers, even if they are used for the assembly of imported motor vehicles.

Land shortages in Coventry have been a restraining influence on the market in the past and since much of this is owned by the City Council, agents and developers are now waiting with interest to see if their policy will *change and more* will be made available.

Benefit

"The prospects for Coventry are good in the medium term, but if things go seriously wrong at Leyland and we have a lot of industrial trouble during the winter, we could be in for a bad time. National factors have a

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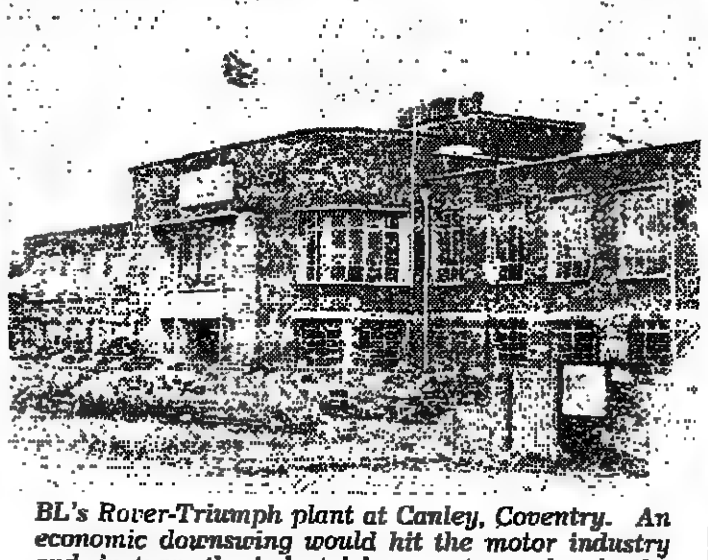
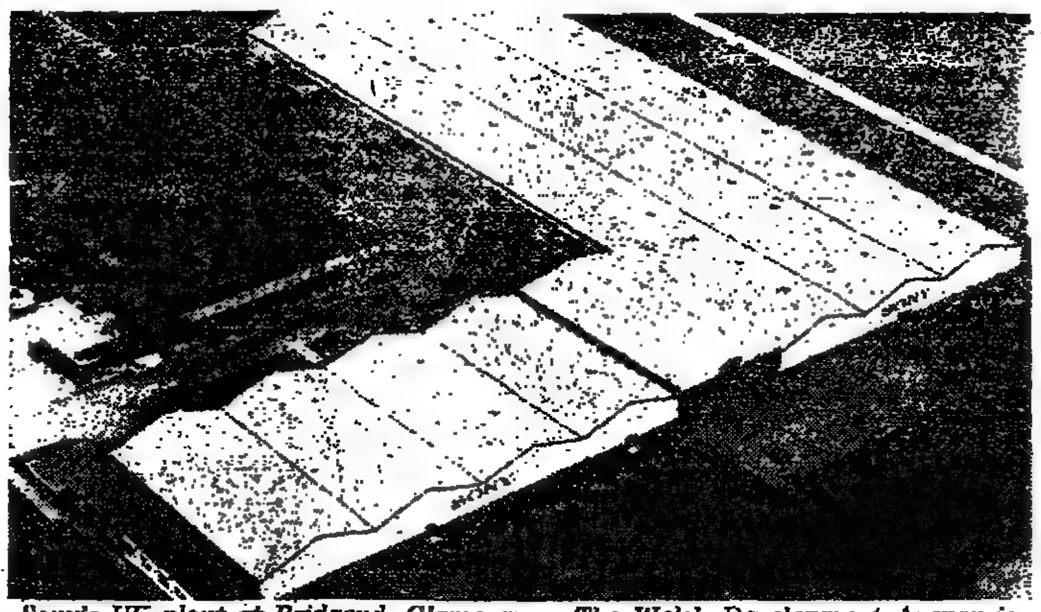


BL's Rover-Triumph plant at Canley, Coventry. An economic downswing would hit the motor industry and, in turn, the industrial property market in the region

Great buoyancy in both sectors

WALES



Sony's UK plant at Bridgend, Glamorgan. The Welsh Development Agency is leaving the provision of premises in the area largely to the private sector

THE INDUSTRIAL property market in Wales is very much a public sector domain. For a variety of historical reasons, the private sector up to now has played a very limited part indeed in the provision of industrial premises. Direct public investment, channelled either through local authorities or central government agencies, has been principally responsible for developing and expanding the market.

Dominating the Welsh industrial property scene since its establishment 3½ years ago has been the Welsh Development Agency, Wales's equivalent of the National Enterprise Board. Although the agency has an investment role akin to that of the NEB, it has put its main effort into bolstering and diversifying the Welsh economy through a *major expansion of* industrial estate development and advance factory building.

It has also taken over the task of clearing Wales's industrial dereliction which has had a very beneficial influence on the industrial property market in certain areas.

Playing a much smaller but, by common consent, valuable *role in the market* has been another statutory body, the Land Authority for Wales, charged by the last government with carrying out the provisions of the Community Land Act. The authority is generally felt to have done a useful job in easing the flow of development land to private sector developers by assembling sites, mainly for residential but also for commercial and industrial development.

Although the government is committed to repealing the Act, which has been a local authority responsibility in the rest of UK, *there is still the possibility* that the Welsh authority may survive with reduced powers.

Over the past 18 months to two years, both the public and private sectors have developed a tremendous buoyancy. *Although the WDA has been* building advance factories at a very fast rate, of its total stock of *completed factory space* of 15.6m sq ft, only 1.34m sq ft or 8.6 per cent of this total is currently available for letting.

Disregarding old premises, the amount of newly-built space presently available for letting amounts to only 858,000 sq ft or 5.5 per cent of its portfolio. Understandably, the agency feels amply justified in pressing ahead with further building and recently introduced a rolling construction programme aimed at maintaining roughly a *ten per cent stock of vacant* factory space as existing premises are taken up.

Inheritance

The agency began life with an inheritance of too many unlet larger units—10,000 sq ft and over—and a record of slow letting which was casting doubt *in some circles on the whole* concept of advance factory building. In the main, these premises were a hangover from the 1960s and early 1970s, when there was a better chance of attracting large and medium-sized companies to replace the thousands of jobs lost with the rundown of the coal mining industry.

The agency quickly concluded that the way forward lay in concentrating on small and medium-sized units. In the more difficult economic climate, the chances of attracting tenants for large pre-built factories clearly had receded, but it saw great scope in building for potential "start up" enterprises and railway arch evacuees from South East England and the Midlands.

It is still building the occasional unit of 25,000 sq ft, but has found that most potential tenants at that end of the market want a "bespoke" factory which the WDA will either build for them to order or they *can build themselves.*

The WDA's industrial property activities have been concentrated in three types of location. First are the areas which it calculates have a potential for natural growth given sufficient pump priming. A classic example of this category is Bridgend, Glamorgan, where the agency has now limited itself to the preparation of land for industrial development, leaving the provision of premises, by and large, to the private sector.

The policy paid off handsomely in 1977 of course when *the WDA's Waterton Estate* was immediately available for the Ford Motor Company to develop its new engine plant. In its Europe-wide search for a suitable site, Ford made clear that among its requirements was land where building work could start in next to no time. Without the WDA site, Wales might have missed the boat.

Ford's arrival and the other factors which led that company and many others to go to Bridgend have stimulated the industrial property market of the town considerably. There is now an acute shortage of factory and warehouse *accommodation* in the area and rents have been pushed up in the past 12 months by about 50 per cent to about £1.35 a square foot. But the WDA has every intention of leaving this industrial property demand *to be satisfied* mainly by the private sector, on the grounds that Bridgend is now established as a natural growth area.

The second type of location is where the WDA's estate development and advance factory building programmes are being dictated by the rundown of the steel industry. Wales has witnessed two major steel closures, Cardiff's East Moors and Ebbw Vale plant, in the past 18 months. The British Steel Corporation *wants to go ahead* with a third, the shutdown of steelmaking at Shotton in North Wales with the loss of 6,300 jobs, by the end of the year.

The first two closures have already triggered crash industrial property development programmes headed by the WDA to open up new employment opportunities in both areas. In the case of Ebbw Vale, it has *involved* the agency in the huge task of carving out a new industrial estate, Rassau, out of a mountainside.

Thanks also to the maximum regional development incentives being available, the agency has succeeded to date in formally or provisionally allocating 36 of the first 48 advance factories to be built on the new estate and other sites in the vicinity. The incoming enterprises expect to provide a total of 1,600 new jobs over the next three years.

Development in Cardiff has been slower because of the need to demolish and clear the East *Moors* works and open access roads to the site, which is tucked away between the city centre and the shoreline. But construction of 18 advance factories ranging from 4,500 sq ft to 25,000 sq ft units is already under way and there is no shortage of takers. All 18 units have been provisionally or formally let to companies which promise to provide 1,500 new jobs—an important step towards replacing the 3,100 jobs lost overnight with the East Moors closure.

At Shotton, work is going ahead to develop the WDA's large Deeside Industrial Park. *A similar crash programme of* advance factory is planned if BSC's closure plan is carried out.

The agency's third type of industrial property location is where accommodation is required to deal with localised employment blackspots. A recent example was Treorchy, in the Rhondda Valley, where the closure of a Redpath Dorman Long subsidiary with the loss of 300 jobs prompted the agency to demolish the premises (which it owned) and redeveloping the site with several smaller advance factory units.

Scale

Given its dominant role, the WDA is not surprisingly accused *of effectively preventing* the private sector from operating on a larger scale in the Welsh industrial property market. Yet, if the private sector had taken a more active interest in developing industrial property in Wales in the past, the WDA would not today be operating on such a grand scale.

Moreover, while *officials* concede that there is an element of subsidy in its activities, they insist that the WDA still has a statutory obligation to conduct its activities in a commercial fashion as far as possible.

In fact, the arrival of a Conservative Government, dedicated to rolling back the frontiers of the public sector, has already *prompted the agency* to explore the possibility of involving private funds in this side of its activities. Thinking is still at an early stage, but it could take the form of sale and leaseback arrangement with institutional *investors of advance factory* buildings — something already done by a number of local authorities anxious not to tie up too much capital in industrial buildings.

In the meantime, the WDA is proving just as eager as any private developer to maximise its rentals. In 1976 the average WDA factory rent was 50p a *square foot. So far this year,* the average is up to 93p a square foot and small units in Cardiff, for example, are letting at more than £1.50 a square foot.

These prices do not take account of the two-year, rent-free period which the agency is able to offer to incoming tenants as an additional incentive and which undoubtedly aids its dominant positon n the market. However, WDA officials point out that the sum involved *originally represented* the regional development grant which any private developer also received and could pass on to the tenant if he chose.

They accept that the comparison is less today and it may be that the rent-free period will not survive the close scrutiny of Sir Keith Joseph, the Industry Secretary. But he has indicated *that he* recognises the value of the WDA's work in the industrial property field. Whether it will continue as at present, or in partnership with private investors, or be made to give scope to the private sector, remains to be seen.

Robin Reeves

Confidence

CONTINUED FROM PREVIOUS PAGE

strong bearing on property in the area, since we are attracting people from all over the country," one agent said.

Almost all areas of the Mid*lands have benefited strongly* from the resurgence of the industrial property market since the problems earlier in the 1970s, and Nottingham in particular has been able to catch the rising tide of demand, largely as a result of good planning and the broadly-based industrial sector operating there.

Nottingham City Council has itself taken the lead in commercial property development and set up, through its Industrial and Commercial Property Unit, a property register which provides information on all commercial property available in the city's area.

According to a survey carried out earlier this year by the London chartered *surveyors* Debenham Tewson, Chinnocks, rents in Nottingham were similar to those in Coventry and Leicester, but behind those of Birmingham and Northampton.

The study suggested that in March this year rents in Birmingham and Northampton for a typical 24,000 sq ft light industrial/warehouse development would range from £1.50-£1.70, while in the other cities they would be between £1.35 and £1.50.

The accompanying table indicates that the minimum rent necessary in Birmingham and Northampton for profitability with building costs of £12 a sq ft, would be £1.82 and £1.87 respectively. Significantly, the figure for Coventry, £1.94, was the highest of all, with Nottingham's at £1.85 and Leicester the lowest at £1.60.

Leicester has traded *successfully* on its many attractions, such as its very central position for transport to any part of the country, its good rail, road and air links and its low cost of living, attracting warehousing demands from all parts of the country.

However, this has created something of an imbalance which has prompted the city council to encourage and itself undertake the development of more factory sites, which have *been in strategic areas of the city.*

This type of imbalance is not only experienced in the cities, but in the area as a whole, with perhaps too much development in the easily accessible major *cities, at the expense of smaller* conurbations where rents, though slightly improved, remain well below an economic level when related to building costs.

One aspect of the whole equa*tion which has not yet been fully* examined is the likely effect of rising fuel costs on thetransport and warehousing operations of major companies in the area.

It is possible that the strong trend over recent years for the *centralisation of such operations,* despite greater distances the goods may travel, may now diminish, and caution in the development of more warehousing may be a prudent step.

Lorne Barling

Fears about State initiative

NORTH-EAST

GATESHEAD OCCUPIES a unique niche in the provision of land for industrial building. It was here, in the Team Valley, that the first Government-sponsored trading estate was set up in the mid-1930s—after the Jarrow hunger march—to provide work for the depressed areas. Others followed but Gateshead was the first.

Today, that estate is both flourishing and at the same time the headquarters of the English Industrial Estates Corporation, the management arm for the Department of Industry's advance factory building programme. As the mainline train approaches the Tyne from the south before crossing into Newcastle the estate stands out immediately as a monument to what can be done to attract companies into an area of old basic industry.

The North East is also unique in another sense. It is the only part of England in which the Government is the primary provider of space for manufacturing industry. It shares this distinction with Scotland and Wales, but in the rest of England private industry occupies a much more important role.

The reason is that the area (together with Scotland and Wales) is one where the old industries have traditionally ruled the roost—coal, steel, shipbuilding and heavy engineering. Now, however, these are having to come to terms with modern industrialisation and there is an overwhelming need to attract a broader base.

There was one attempt by a private company to undertake development in the area but it foundered on the property collapse of the early 1970s. The Lyon group was successfully developing estates at South Shields and Long Benton, just outside Newcastle, in particular. But the group was caught with extended liabilities elsewhere and crashed. As a result, the Government bought estates from the Receiver and has developed them.

One further qualification to the Government-only rule is that some private developers, such as Taylor Woodrow at Gateshead, do have some sites which they will sell to industrialists and build to order, but the Government is the only major builder for rent and in advance of needs.

The result of this absence of private capital and resilience on Government initiative is that nearly 80 per cent of all the Government factories in England are in the northern region—which comprises the four counties of the North East (Cleveland, Co. Durham, Tyne and Wear and Northumberland) together with Cumbria on the west coast. Further broken down, the figures reveal that half the factories are in the one county of Tyne and Wear.

This over-emphasis on a small part of England will decline slightly as the effects of an enlarged building programme elsewhere in the country are reflected in official figures but nothing will take away the predominance of the North East.

The region's biggest programme of building was instituted between 1976 and this year, reflecting the importance the Labour Government placed on advance factories as a way of countering unemployment. There are naturally fears that the Conservatives will now take a less enthusiastic line but, even so, the building programme up to 1981 should be assured. It is after that that the doubts apply.

Last year almost 100 factories were let, most of them in the 10,000 to 15,000 sq ft range. This year's programe is running at a slightly slower pace, but the eventual figure should be around 80. The Government has about 100 new advance factories and other units available, representing about 1m sq ft of space, together with some re-lets.

On top of this, there is the space available in the region's three new towns, Washington, Peterlee and Aycliffe. Washington, an attractive town and with the A1 (M) running through it, has built 4.45m sq ft of space since 1967 and has units up to 6,000 sq ft ready. In addition, it is building factories from as small as 600 sq ft for two- and three-man occupation, to 25,000 sq ft. Altogether it has 200,000 sq ft under construction.

Washington is also fortunate to have one large site, of 80 acres, available for development. One of the major problems of the North East is that there is a shortage of large sites available to attract the (admittedly few in number) internationally mobile plants, such as the Ford engine plant which went to South Wales.

Places like Sunderland are desperately strapped for land and even along the Tyne it is not easy to get land for development near the shipyards where redundancies have been announced.

The reason why private industry has shied away from investing in the North East is twofold: there has been in the past a long time lag between completion of building and letting; and rents are depressed compared with other parts of England.

So private developers have tended to concentrate on providing space for warehousing and a lot of this sort of development has taken place in the North East. Bernard Thorpe's Newcastle office, for instance, comments that there has been a steady flow of demand during the past 12 months for this type of space.

The Government, consciously, has a policy of attracting manufacturing industry in order to create jobs, so that it leaves warehousing to the private sector even where this involves, as it sometimes does, considerable numbers of workers. And there is still land available for development for this purpose. Bernard Thorpe reports that on the Tyne Tunnel Trading Estate, between North Shields and Tynemouth, there are still 80 acres available out of a total of 125.

Elsewhere, on the Drum industrial estate, at Birtley, south of Washington and convenient for the A1 (M) there are 88 acres and there are other, smaller, private developments at Teesside, just outside Durham and at Long Benton.

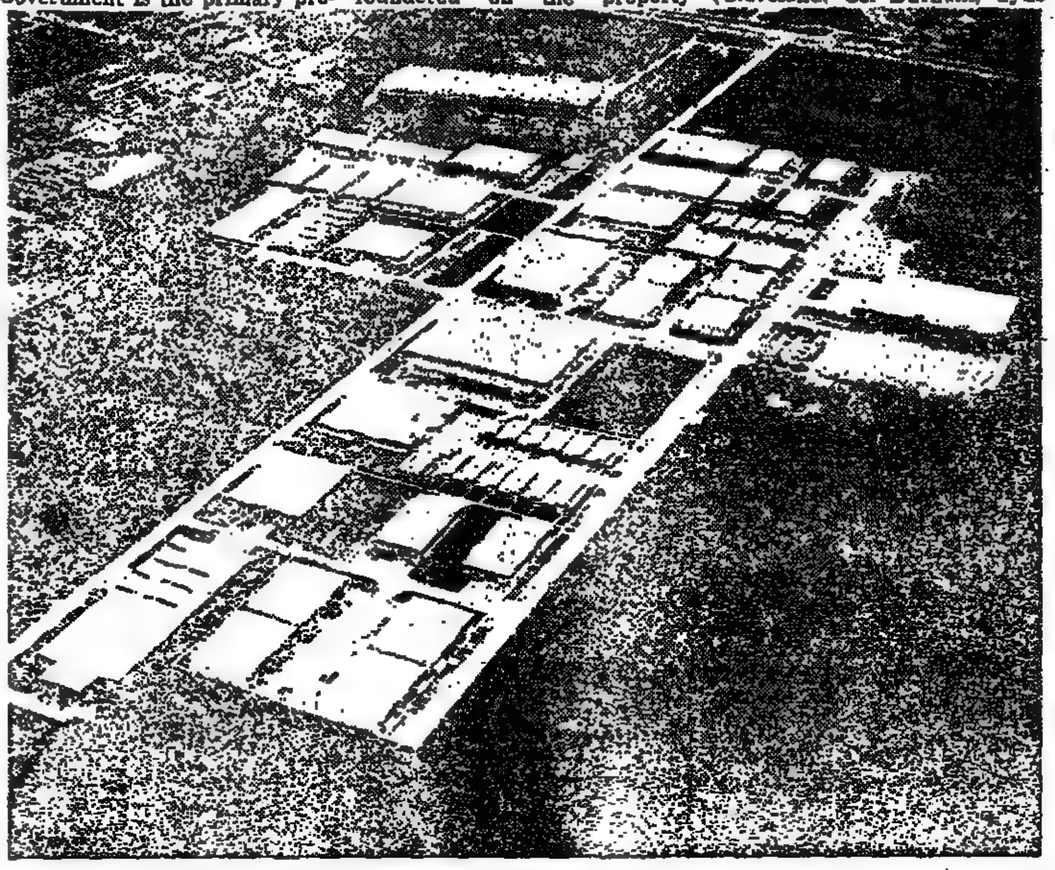
Durham, in fact, has become something of a favourite with the food industry which has been establishing entrepot centres in the North East on a rising scale. The vastly improved road communications have been an important factor.

Newcastle has also had considerable success with a prime site on seven acres within a mile of the city centre. The Fenham Barracks industrial estate, part of which has been allocated to the BBC for its north region studios, brought a large number of applications from developers anxious to be associated with the project. About 50 sought permission to develop.

On prices, £1.70 a sq ft was obtained in Newcastle recently for a 5,300 sq ft property. Prices in the city, where the council has been very active in providing factory units, are probably a bit above the average for the area.

Other prices tend to be lower and Washington might be a good indicator. Larger units there go for between £1 and £1.10 a sq ft and the smaller factories for £1.30 to £1.40 a sq ft—handsome prices by comparison with those in much of the rest of England.

Anthony Moreton



The Tyne Tunnel Trading Estate. Private developers in the region have tended ton concentrate on providing space for warehousing

Activity at peak despite cost

NORTH-WEST

ACTIVITY IN the industrial property sector in the North West is being sustained and in some favoured parts is running at a peak. This is in spite of sharply-rising costs of land and construction, the certainty of further hardening of rents, forthcoming change in regional aid policy, some less-than-encouraging economic forecasts and against the seeming paradox of a region with more than 200,000 unemployed.

It could be said that maintaining the improvement which began two years ago is especially important to the future of a veteran industrial region like the North West still at grips with a legacy of old buildings, many not designed for their current use. Not so long ago it was estimated that in many towns well over 50 per cent — in some cases 75 per cent — of industrial property was pre-1914.

Take-up of new space has kept ahead of the rate of construction and at present there are few fears of imminent over-supply. It is true nevertheless that much of the development has little in common with the large-scale manufacturing traditions of the North West. It is being taken for warehousing or alternatively in small units by embryo companies.

For example, the Manchester office of agents Bernard Thorpe estimates that about 80 per cent of the inquiries for an overall 6m sq ft of industrial accommodation received in the last six months—itself double the figure of the previous 12 months—has been for warehousing. "A lot of this inquiry was from firms already in the region wanting modern space because of the age of their existing buildings," says Thorpe.

Priorities

The growth of the North West as a warehousing and distribution base, keyed to its comprehensive motorway network, has prompted at least one agent to argue for a change of priorities and attitudes towards its economic contribution, a view which once would have ranked as heresy in a region founded on labour-intensive manufacturing industry. Today even an archetypal manufacturing estate like Trafford Park has a significant warehousing element.

The practical implications for new building for manufacturing industry in the North West, a wholly-assisted region, in consequence of government changes in regional aid have yet to be shown.

By keeping its top-ranking Special Development status Merseyside can expect to benefit, if not immediately. The Wigan area should gain from being upgraded to Development Area status, but assisted cover at Intermediate grade for most of the remaining North West will be withdrawn.

It can be argued that any incentive is better than none but at least one property man takes the view that it will have little effect on new development because it has not been high on the list of priorities shaping decisions on whether or not developments should go ahead. But another claims a slight slowdown in inquiries following Sir Keith Joseph's announcement.

Speculative development has been encouraged by the ratio of pre-lets. For example, King and Co. can report a full pre-let for a new development at Ellesmere Port funded by Coal Industry Nominees. A new scheme by EPIC at Trafford Park, currently under construction, has also been partly pre-let. Similarly, agents Richard Ellis can point to pre-letting of half the first phase of 15,000 square feet of new units, due for completion early next year, again at Ellesmere Port, funded by the Post Office Staff Superannuation Fund.

Rents are continuing to move higher and the asking figure for a new development at Stockport—not the first to be announced recently at this level—is £2 per square foot. Rowlinson Constructions, among the most active of industrial developers in the North West, expects rents to go on to pass the £2 mark. Over the last 12 months they have increased by about 10 to 12½ per cent in the Greater Manchester area, although the trend has been more stable on Merseyside. Healey and Baker claims an 18 per cent rise in Manchester in a year.

Rowlinson illustrates the point with its inner city development, in partnership with Manchester City Council, on the former abbatoir site, now known as Manchester Industrial Centre. The first three units were let this year at £1.75 but the next one will be at £1.90.

There is active institutional interest in industrial investment in the North West, particularly in Greater Manchester. Elsewhere in the county there has been a high level of take-up over the last year or two in towns directly linked to the motorway network, including Rochdale, Salford and Stockport, and further developments are in the pipeline.

Most demand is within the nursery unit to 10,000 sq ft range, a pattern which has tended to operate against the availability of significantly large off-the-peg factories. In a new phase of develop-

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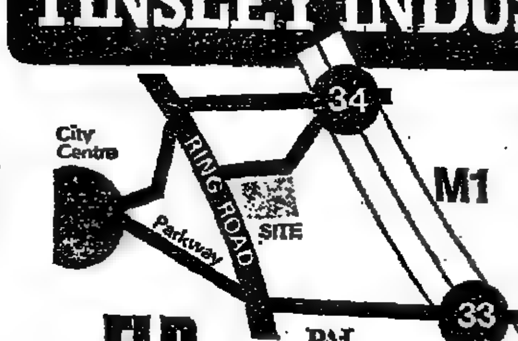


Threatened closures bring pessimism

SCOTLAND

THOSE WHO at the beginning of the year looked forward to the political mists clearing in Scotland must now be only partially satisfied. True, devolution, which was thought by many to be a strong deterrent to industrial development, is now effectively dead and the general election led to a return of a Conservative Government and the near collapse of the Scottish National Party.

But the uncertainties are far from ended. The general economic outlook is not good anywhere in the UK, but north of the border there are special factors which have made prospects particularly gloomy. Shipbuilding closures are imminent, meaning a severe blow to a wide range of subcontracting industries, and engineering is going through a difficult phase because of the strength of sterling, the rise in costs and this summer's industrial action.

Scottish commentators expected a downturn in capital investment — with all that implies for demand for factory space—to occur at the end of this year or the beginning of 1980. But the disheartening results of the latest trends survey by the Confederation of British Industry's Glasgow office indicated that many companies are already thinking of cutting back on expenditure plans.

The survey, published at the beginning of August, showed that only 17 per cent of companies canvassed expected to increase their spending on buildings in the next year. In April, when the last questionnaire was sent out, the figure had been 27 per cent.

These are intentions rather than deeds, of course, and it takes time for a company to pull back from a capital investment commitment it has already made. So it is hardly surprising that agents and developers have not yet seen any drastic drop in the number of inquiries for industrial premises. But with the CBI survey showing pessimism over a broad front—export as well as domestic markets—it can be only a matter of time before this situation changes.

Review

But, if the economy is bad, there are additional factors which cloud the glass and make predictions difficult. Chief among them is the effect which the Government's review of its industrial support for the regions will have on the demand for space.

The last Government began the change in regional policy when it abolished the regional employment premium — effectively a payroll subsidy to every manufacturing company in Scotland—and changed the status of some areas of the country.

Dundee was elevated from development area status to special development area, meaning that the level of grant available to companies wanting to invest in new buildings or in plant and machinery was increased from 20 to 22 per cent. Aberdeen, the area to benefit most from oil-related activity, was downgraded from development to intermediate area. While this meant that no grant was any longer available for plant and machinery, the 20 per cent on buildings was retained.

However, the new Government's changes have been more far-reaching. Grants to special development areas remain unchanged, but the 20 per cent available in development areas is to be cut to 15 and the grant on buildings in intermediate areas is to be abolished altogether.

In addition, the status of many areas of the country has been altered. It remains to be seen how this will affect the industrial property market, but my guess is that it will depress the overall demand and make several areas which were particularly popular, such as Edinburgh and Aberdeen, less so.

But there is an added complication. The changes are to be phased over the next three years, so we could see some companies bringing forward their investment plans to take advantage of the grants. A short-term boom, however, is not very likely—there are not many companies with adequate liquidity to finance premature expansion from their own funds and the high cost of borrowing will act as a deterrent for the rest.

Initiate

As a slight counter to this, the Government has initiated some moves which should give a filip to the market. First, the Community Land Act is now dead in all but name, so new space for development should become available soon and, second, the Ministers are looking in detail at establishing "enterprise areas" in districts hard hit by industrial closure.

Scotland has already had a taste of what these might be like in the Glasgow East End Renewal Scheme and the similar project at Glengarnock. Others are proposed for Dundee and Clydeside.

A concerted effort to make whole areas more attractive has paid off in attracting small companies, but the scope for participation by private developers alongside the Scottish Development Agency and the local authorities has so far been small. It is likely that the Conservatives will want to increase private sector involvement and one of the best ways they could do this would be to speed up planning procedures. Nothing dampens developers' enthusiasm more than the prospect of paying interest on land costing upwards of £60,000 an acre while officials and committees take months to churn through planning applications.

Small units—5,000 sq ft and less—are extremely popular in the action areas already designated and are becoming so in the country as a whole. It is not only new and small businesses which want them; national companies are tending to prefer smaller, more manageable units which can be abandoned easily if the market worsens or swapped for bigger premises if sales rise.

There also appears to be a move back to sub-contracting among larger Scottish companies, which will encourage the demand for small factories.

The Clifton Trading Estate, Newbridge, on the western outskirts of Edinburgh. About 34,000 square feet are on offer here, through Debenham Tewson and Chinnocks

On the supply side, there is a large amount of space available in many areas of Scotland and a number of new developments nearing completion. The Scottish Development Agency is currently holding about 2m sq ft, and has a mixture of new and old properties. The new towns and other Government agencies have another 500,000 sq ft and the Edinburgh agent's Kenneth Ryden and Partners estimate that there is another 1.5m sq ft or more in private developments.

Rents in most areas have been rising slowly over the past few months in response to rising building costs. In Edinburgh and the Lothians, where a number of new properties will come on the market in the next few months, rents of £1.75 per square foot are common. Glasgow commands a little less in all but the best situated estates, while Aberdeen remains the most expensive town in Scotland with asking rents of £2 and more within the city boundaries.

Rents in rural areas vary according to the location of estates and how good their communications are, but it is still possible in Scotland to find accommodation at less than £1 a square foot.

Ray Perman

Peak activity

CONTINUED FROM PREVIOUS PAGE

ment at Wingates Industrial Park, a joint Rowlinson-Greater Manchester Council venture, a deliberate attempt is to be made to go after the bigger tenant with the offer of units in the 20,000-50,000 sq ft range.

New towns in the North West continue to set the development pace, none more than Warrington. At present Warrington Development Corporation has more than 1m sq ft of new space under construction or about to start. An early announcement is expected about more high technology multi-nationals taking space in its Birchwood Science Park. With a record of success in attracting international investment, Warrington expects a third of the 1,500 new jobs targeted for the current financial year to be produced by incoming North American-based companies.

Competition

The story from Runcorn New Town is one of industrial development at a peak, with more construction activity than at any time previously. Projects here include an eighth phase extension to the YKK zip fastener complex, a new development by British Gypsum and a £10m plant by a subsidiary of American Can. Schreiber Industries has started kitchen furniture production in a factory of 450,000 sq ft.

Industrial development at Runcorn is now approaching 400 acres, with almost 3m sq ft of accommodation completed and a further 820,000 sq ft under construction, mostly financed from private sources. New developments in central Lancashire New Town include a 100,000 sq ft expansion by the vehicle component manufacturers, Bosal.

Elsewhere, there is now extremely keen competition for prime sites and agents Richard Ellis pinpoints the "dramatic chance" in the north-west development land market by contrasting a going rate of £30,000-£40,000 an acre two years ago with the £70,000-£80,000 today. The equivalent of over £100,000 an acre has been achieved for a small site close to the Manchester-Salford boundary.

In some smaller towns in the north-west development land has been changing hands at £40,000-£60,000 an acre but in an area such as north-east Lancashire the rate is probably nearer £15,000 an acre. Much depends on communications links and there is evidence that developers have become more cautious in deciding where they will develop.

Local authorities in a region such as the north-west no longer see a need to justify intervention in industrial development as part of a wider civic commitment to promoting the local economy. Even if the degree of involvement varies from the ambitious to the basic, there can now be few town or county halls where industrial development has not been upgraded to a high place in the priority list.

Liverpool in particular has set the pace in inner city development of advance units and can claim a successful take-up, as can Manchester. While the civic intervention may be explained as "pump priming" it is clear that many small sites being brought into service, largely for nursery units, would otherwise stay undeveloped.

Typical is the Orchard Street Estate developed by Salford in an area which has had few small units available for letting except in obsolete buildings. Six companies have taken units in the first two phases and construction has now started on the third phase in a bid to attract new industry and meet a pressing demand for nursery units for renting.

Salford, not alone, points out that its initiative "reflects the reluctance of financial institutions to accept the risks and higher administrative costs in developing or owning smaller buildings." The third phase, of 13,600 sq ft, is currently being offered in units from 1,690 sq ft at a starting rent of £1.30 per sq ft, rising to £1.85 after the third year.

Tom Heaney

Market has revived despite problems

NORTHERN IRELAND

A COMMONLY-HELD fallacy is that Northern Ireland has an abundance of empty advance factories just waiting to be brought to life by the roar of machinery.

And while there may have been some justification for that assumption a few years ago, the upsurge in investment during the past 18 months has had a fairly dramatic effect. Only 20 advance factories are now available for immediate occupation compared with a figure of 50 this time last year.

With readily-available factory space a powerful weapon in the armoury of the negotiators faced with the task of attracting new investors to the province, it is a situation which, conceivably, could cause difficulties in the future.

Officials of the Department of Commerce, which is almost entirely responsible for industrial property development, admit that of the 20 factories a significant number are smaller units which could not readily accommodate any large-scale investment.

They believe that the advance factory development programme which began in the 1950s and which has produced more than 450 factories incorporating 1.9m square metres has more than proved its worth.

Risk

Such speculative building always involves a high degree of risk and the difficulty in letting factories in such trouble spots as West Belfast, Newry and Strabane cannot be overstressed.

Nevertheless, the Department is committed to a building programme is these unemployment blackspots so that when a factory is let it is not simply a case of heaving a sigh of relief but of getting on with the job of building another in case another company wishes to move into the area.

Under constructon at the moment are a 2,300 square metre factory at Kennedy Way in West Belfast and a 1,500 square metre building in Strabane. The heaviest demand is for properties of 20,000 to 55,000 square feet and, as a result there are very few such factories available for immediate occupation.

Harder to let are larger units in the 180,000 square feet range but within easy reach of the docks by motorway, like a former Courtaulds factory on the outskirts of Belfast. The economics of splitting them into more manageable units rule out this possibility.

The industrial property market has undoubtedly revived, due in no small measure to recent investment by American companies such as Delorean.

However, rents which are heavily subsidised by the Government remain lower than anywhere else in the UK; rents in prime areas of England can be double those in Ulster.

Rents in most parts of Belfast (the exception being West Belfast) range from 24p per sq ft to 60p per sq ft, depending on size and location, while rents in rural areas and outside the capital are proportionately lower.

With little or no private development in the industrial property market apart from the building of warehouses, the Department of Commerce's role will continue to be crucial to the future of the Northern Ireland economy.

The recent announcement of cuts in public expenditure have led to a review of spending by practically all Government departments. But the Department of Commerce's future building plans are not affected —a sign of the emphasis the Conservative Government, like Labour before it, places on future employment prospects in the province.

Undeveloped land, however, may be sold off but it is stressed that this will not jeopardise the all-important task of building factories to attract would-be investors.

The province has a number of purpose-built factories but the problem here has been adapting them in the event of the company they were constructed for vacating the premises.

Refurbishment of older factories has also been part of the industrial development process in the past but in recent years owing to escalating building costs this method of providing more factory space has become less viable. It is now less expensive to begin from scratch.

The inner city areas of Belfast and Londonderry, where most of the province's industrial property was once located, now attracts little factory development, mainly because of population movement away from these areas. Most new industrial estates are now built on the outskirts of cities.

Plans to revitalise inner Belfast announced so optimistically a few years ago have failed to make any real impact, with the building of several shopping centres the only evidence so far of a rejuvenation of a party of the city that is a reminder of a former era.

Many companies considering investing in the province are keen to begin production within months or even weeks so the advance factory programme continues to be vital.

Only last month, Mr. Giles Shaw, Industry Minister, handed over the keys of a 30,000 sq ft factory on the Maydown estate outside Londonderry to the National Supply Company of Houston in Texas. The company, part of the giant Armco Group and one of the world's largest manufacturers of oilfield machinery and equipment, eventually will employ 500 in an area where jobs are difficult to get.

Although government development programmes are also subject to some extent to planning authority approval there have been few difficulties in that area with most development taking place in regions specifically set aside for industrial building.

Despite soaring property values few companies or institutions are willing to invest in industrial premises, being content simply to rent factories from the Department on a 21-year lease, confident that they will not be faced with huge increases at the end of that term.

On the other hand the warehouse market has attracted a much greater degree of private investment and several large building contractors are currently engaged in construction work to meet the demand.

Warehouse space is at a premium in Belfast, particularly around the docks area. Mr. Ken Crothers of the Belfast estate agents Morton Commercial, said: "The market has really taken off in the past 12 months with rents rising quickly as a result.

"Rentals range from £1.50 per sq ft to £1.75 per sq ft in some parts of Belfast and rents of £1.50 per sq ft have been paid in Lisburn which is ten miles from the city. Two or three years ago those rents would have been around 70p per sq ft.

"Until recently the incentive to build warehouses was not there but it is almost certain that in the near future rising rents will easily offset building costs and encourage more developers."

A large part of the province's warehouse space is to be found in the old linen mills which were once the backbone of the province's economy. The mills are easily adapted to the requirements of warehousing.

The retailing and distributive trade in Ulster has been expanding, providing an increasingly large demand for storage space. The Department of Commerce's involvement in this form of development is limited and is confined mainly to catering for emergency situations such as where a building has been bombed by terrorists.

It has erected warehouses at places such as Newry and Strabane, but 500,000 sq ft of space on the outskirts of Lisburn has all been let, another sign of the ever-growing demand in and around Belfast.

Before the current troubles began in 1969 developers from England and Scotland were planning large-scale warehouse building but their interest evaporated largely because of the problems of obtaining insurance to cover bomb damage. They would have been faced with the slow process of claiming compensation through the Northern Ireland Office which can take between two and three years.

The generous financial incentives offered to companies willing to set up in Northern Ireland (cash grants, removal costs for key workers, and rates reductions) combined with the availability of factory space, make the province an attractive proposition despite the continuing violence. The signs are that more and more industrialists, especially in the United States, are recognising this.

Chris Kelly

Property Correspondent, Belfast Telegraph

Boom brings steep rent rises

IRELAND

INDUSTRIAL PROPERTY in Ireland has undergone something of a boom in the past two years, both in terms of lettings and new buildings. Demand has been strong and rents have risen quite steeply.

This growth is a reflection of the strong economic upsurge in general and the increase in manufacturing industry in particular.

Ireland has had one of the fastest-growing economies in western Europe in the past two years. Although there has been a considerable slowdown this year, mainly because of the oil crisis, the economy should still grow by about 4 per cent in real terms, which would put Ireland near the top of the West European growth league again. In 1978 the growth rate was 6.5 per cent.

Almost all new manufacturing industry comes into Ireland under the auspices of the Industrial Development Authority (IDA). This semi-state body is empowered to offer a package of incentives to companies wishing to set up in Ireland as long as they create jobs through manufacturing. The IDA does not, for example, assist transport companies or other service sector industries in the same way, although it helps.

Usually the companies Ireland wants are labour-intensive concerns involved in assembly. They would usually be groups interested in exporting. Ireland has a population of only 3.5m, so there is not much of a domestic market. However, the country is a member of the EEC, so a U.S. or Japanese concern setting up in Ireland has access to the enormous market in Europe, free of the usual tariff and other customs barriers.

Training

To companies that the IDA wishes to attract it can offer up grants of up to 50 per cent of capital costs in the poorer areas in the west of Ireland, or 40 per cent in the east. There can be training grants and tax write-offs on research and development costs. The IDA at the moment has a total tax holiday on all exports. In 1981 this will change and a 10 per cent corporation tax will come into effect.

It can also help out with factories. Assistance can take the form of subsidised rents on factories, which a company can then take over. Or the IDA can give assistance to a company wishing to build its own factory, either in cash or cheap land.

The IDA has a number of industrial estates which it encourages companies to use. Because most new companies are interested in exporting, they want usually to be near a port or an airport and often but not always near a town, where communications are good.

The most popular areas are Dublin, and then the Shannon-Limerick complex. The IDA has two industrial estates in the Shannon area, and there is an estate in the Shannon Free airport zone. Shannon has Ireland's second airport. Cork, Ireland's second city after Dublin, is also popular among industrialists and industrial property there is also growing fast.

There are no precise figures on the exact size or numbers of industrial properties in Ireland. Most industrial property is sold in units of between 4,000 sq ft and 20,000 sq ft. Units of under 4,000 sq ft are rarely found on the normal commercial market, and units of 40,000 are not common.

However, the Rohan group has property on the market near the airport that is being sold in units of 40,000 sq ft but is divisible into 20,000 sq ft units. Rohan is one of the biggest industrial builders in the country.

The IDA probably brings in about 100 companies a year one way or another. But new manufacturing industry is, of course, just one area of demand for industrial property.

The economy has been firing strongly on most cylinders these past two years and prices have risen. The table below was in Dublin's Business and Finance magazine in July, 1979. The analysis was from a limited sample of industrial properties in the Dublin region.

Irish Industrial Rents

1973	...... £1.10	a sq ft
1974	...... £1.15	"
1975	...... £1.25	"
1976	...... £1.30	"
1977	...... £1.40	"
1978	...... £1.50	"
1979	...... £1.90	"

In the figure for 1979 it should be noted that there was a sharp jump in the general price index in this year, something like 12 to 15 per cent.

However, one representative of a prominent industrial property development group argued that the figures in Business and Finance are lower than his own experience suggests.

He reckons that in the Dublin area the figure for mid-1976 was probably about £1.35 a sq ft. He would put the figure for mid-1979 at £2.15. By Christmas this year the figure could be £2.25 to £2.30 a sq. ft.

This, however, could be the peak. When the recession of 1974-75 came a lot of concerns involved in Irish industrial development had been British builders, who with the secondary banking crisis had to sell of properties inforced sales. The market remained bad in 1976 and agents had trouble letting properties.

Interested

As the economy picked up and the market improved, a new factor was the institutions became more interested than hitherto in industrial property development. It began to seem less of a risk venture, as the new Irish government concentrated, through the IDA on developing manufacturing industry.

Irish Life, a large (state controlled) assurance company is involved in the development of an industrial property in the Naas Road, south of Dublin. And pension funds, now that they must invest more in Ireland, because of the exchange controls involved in cutting the Irish pound from sterling last April, are also looking at industrial properties.

The current boom, so to speak, is therefore more firmly underpinned than when the last recession hit in 1974-75.

However, there seems little doubt that the market will slow down in the next six months and prices will probably slide.

The economy is not growing as fast as it was, and costs in the building sector are rising steeply. Many raw materials are imported from Britain, and the appreciation of the British pound against the Irish one have made them more expensive.

More than this Ireland is now in the throes of a ferocious credit squeeze. Funds that used to be available from Britain no longer are so, and there is a relative shortage of Irish pounds. Interest rates will probably be sky high by March of next year, and building will become costly. The likelihood therefore is that the boom in developments and rentals is now at its peak.

Stewart Dalby

POLITICS TODAY IN ULSTER

The military becomes impatient

ON WEDNESDAY afternoon Mr. Edward Jones, the assistant governor of the Crumlin Road Prison, was shot dead in his car *as he drew up at a traffic light* in Belfast. Such is the frequency of such incidents that his death received only passing notice in the British Press. There was little more to say, *except to* record it. It happens all the time.

Indeed it is hard to know what has to happen in *Northern Ireland* to make the British people as a whole accept that there is a crisis of enormous proportions. But one can try and put it this way: the situation is now *perilously* close to civil war.

The security forces have faltered in their long battle to contain the Provisional IRA. Unles they regain control quickly, there is a danger that the Protestant extremists will take matters *into* their *own* hands and go for the PIRA directly, leaving the security *forces in the middle. PIRA itself* is becoming steadily more effective to the point where it is no longer inconceivable that it could attempt to shoot down British aircraft landing at Belfast airport. That is one of the nightmares of the security forces. There is no particular reason to believe that the Protestants could not organise themselves *into an equally effective* fighting body to attack the PIRA.

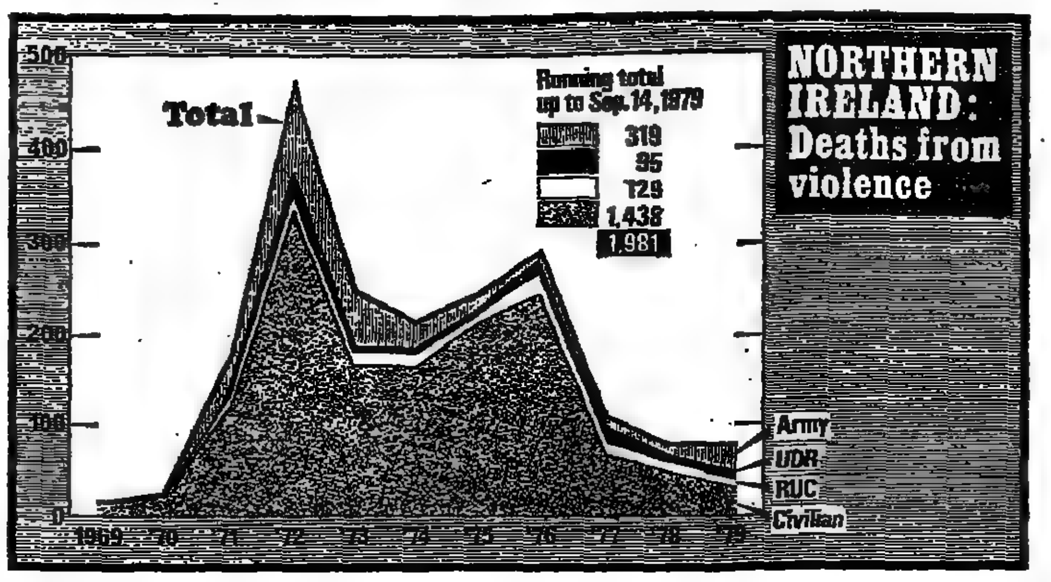
At the same time, there is increasing evidence that the security forces are quarrelling among themselves. Arguments about the respective roles of the army and the police are coming *to a head. There is an impression* of drift and there are calls for leadership which are going unanswered.

The Government's policy towards *Northern Ireland* has been in the melting pot since the assassination of Lord Mountbatten and the *killing of* 18 British soldiers last month.

Mrs. Thatcher has been to *Ulster and heard the views of* the army and the police at first hand. She has also talked at length to Mr. Jack Lynch, the Prime Minister of the Irish Republic. Practically anyone who has views on the subject—army, police and civilian—and who is *in a position to put them* has been doing so. It seems unlikely, however, that anything will emerge in the way of a change in policy until after a meeting between Mr. Humphrey Atkins, the Northern Ireland Secretary, and Mr. Michael O'Kennedy, the Irish Foreign Minister, probably early next month. This approach is already *annoying* the *army,* which had been seeking much more immediate action.

It also seems clear that the Atkins-O'Kennedy meeting will concentrate on security questions, as did the earlier meeting between Mrs. Thatcher and Mr. Lynch. In particular, the British side is waiting to hear how *far* the Irish *authorities can and will go* towards improving security in the Republic. The bulk of the PIRA *leadership* is *now* based in Ulster, but it relies on the south for supplies. It is felt that it will be much harder for the PIRA to operate if those supplies can be cut off, or at least curtailed. It is also felt that the Irish police have been unduly lax in the past about their surveillance of suspects. The example is cited of one of *those arrested* in the Mountbatten case. The Royal Ulster Constabulary had advised the Garda some months ago that he should be watched, but nothing was done until after the event.

Various ideas are now being canvassed. One is simply that the Garda should become as efficient as the RUC. To do this it would have to adopt all modern methods *of surveillance* rather than, as it is unkindly put, relying on the man on the *bicycle who makes a check on* suspects once a week. If the *Irish do* not want to learn this from the British, it is suggested that they could save their pride by going to the West Germans, who would certainly be in a position to help.



Limited rights

The army is also talking about limited rights to overfly the Republic. This would involve the use of helicopters on both sides of the border. Their crews would keep track of anyone fleeing to the south and inform the Irish authorities. Equally the Irish would be expected to *inform the army when suspects* were moving north. All that is regarded as more realistic than the right of hot pursuit, which could lead to accidents.

There is further talk of the RUC being encouraged to move south to interrogate suspects and of a reciprocal arrangement under which the Garda could interrogate detainees in the *north. Not surprisingly, there* have also been calls for extradition and for selective internment—*in the south as well as* the north, although it seems pretty clear at the moment that Mr. Atkins at least regards internment as unwise on the grounds that you can never be certain of getting the right people. This is not the only area where Mr. Atkins' views appear to differ from those of the army. He remains distinctly dovish.

There is one telling reason which should persuade the Irish Government to do more than it has ever done before in the way of security co-operation. It is that it has become clear that the PIRA is no longer, if it *ever was, a group of Irish* romantics. It is a revolutionary movement aimed quite as much at the government in Dublin as at British rule in Ulster. Indeed the threat to Dublin is probably greater. It is likely, for instance, that Irish violence in *mainland Britain could always* be contained; that cannot be said of the Republic. It is also *the case that the Irish authorities feel* that their reputation has been severely damaged by the Mountbatten assassination.

The question remains, *however, of how much the Irish can* and will deliver. Even if it turns out to be a great deal, the new policy of co-operation will still take time to put into effect. The Irish police are not going to be transformed and re-equipped overnight, and the lesson of the past few years has been that as soon as one side in the conflict becomes more efficient, the *other begins to* follow suit. That is the pattern of escalation.

Meanwhile British policy seems to be to wait for the Atkins-O'Kennedy meeting. *Only* if that goes badly will the Government consider alternative measures. There appears to be no question at present of Britain introducing a new security policy of its own at the same time as an announcement *of greater co-operation with the* Irish. Nor is it clear what the alternative measures would be if the Irish were to fail to deliver the goods.

It can be seen therefore that the Government is placing a great deal of faith on a change *of attitude in* the Republic. Even if this turns out to be justified, there will still be problems. There is the question, for example, of "who does what?" between the army and the police. The RUC tends to feel that the doctrine of "police primacy," established in 1976 and giving a greater role to the police, is under challenge. The army believes that there are too many policemen with guns, fighting battles that ought *to be left to the military.* At the same time, the army is tied up guarding targets, such as the *main shopping area in Belfast,* that could be better handed over to the police. The army *would also like authority* to undertaken more covert operations.

Above all, there is a feeling that no-one is in control. Liaison between the police, the army and the civil power is said to be lacking at the highest level. It *is recognised* that Mr. Atkins, as a member of the Cabinet and a Member of Parliament, cannot always be in Ulster, but he is criticised for his absences none the less.

The army is thus canvassing the idea of the appointment of a supremo or plenipotentiary who would have full charge of security matters. He would be there all the *time,* and able *to* take immediate decisions. He would not, it is said, need to be *a military man,* though this is, one suspects, an example of the army trying not to overstate its case. An obvious candidate for the job would be Lord Carver, the former Chief of Staff. He would need to understand, or so the army says, that the *nearest analogy to the task of* the British forces in Ulster is Cyprus and EOKA in the 1950s. The idea does not seem to be making much headway in political quarters.

It would be wrong to say that Mr. Atkins is unaware of these problems. He is trying not to panic and to avoid being pushed into actions—such as internment—for the sake of a show of strength that may lead to new problems later. He does not always accept intelligence reports at face value. He would argue, *for instance, that the possibility* that the PIRA may have weapons capable of firing at British aircraft does not necessarily mean that they will use them. On the contrary, as the accompanying graph shows, all the recent evidence suggests that the PIRA is going for security rather than civil targets. The army, as always, stresses capability rather than intentions.

Initiative

As well as showing restraint on the security front, Mr. Atkins is pursuing a political initiative. The sentence in the Conservative Manifesto about establishing "one or more elected regional councils with a wide range of powers over local services" has not been forgotten, *and it could be that there will* be limited progress here within the next few weeks. If that happens, and security does not get out of hand in the meantime, the Secretary of State may yet be vindicated.

It seems to me, however, that there is one area where Mr. Atkins has scarcely even begun to make a mark. He has failed to persuade either the security forces or the people of Northern Ireland, who seem more nervous than for many years, that he believes that *security is paramount.*

In the past Northern Ireland policy has always been considered to have three prongs: security, the economy and the *politics. The main criticism of* Mr. Roy Mason, the previous Secretary of State, was that he did well enough on the first two, but failed lamentably on the third. The situation now is such that security must receive the greatest emphasis. For without security there is almost nothing that can be done about the economy and very little about *the politics. Anyone who* believes that the holding of local elections in Ulster will persuade the Provos to lay down their arms is living in dreamland, although it might do something to impress outside opinion.

There is one further point: about presentation. If the above analysis is correct and the Protestant backlash could be about to begin at any time, it ought to be explained in public. There are already enough people who should know better who insist that the problem of Northern Ireland is simply one of getting the Protestants to be nicer to the Catholics and bringing the political parties together. Playing down the security issue is one way of encouraging that belief, which has built up alarmingly abroad.

The problem in Ulster at present is not political; it is one of preventing civil war. Since the security forces may yet have to take some very unpleasant action, it would be as well for public opinion to be prepared.

Malcolm Rutherford

Letters to the Editor

Fear of the chip

From Dr. John Walker, Mr. Ben Clay and Mr. Allan Kennedy

Sir,—It is unfortunate that the recruiting drive launched by ASTMS should play on people's *worst fears about the* "silicon chip," because their advertisement (September 18) contains some important points. It is true that education must become *part of our mature years* (it *already is for some of us, both personally and professionally*). *It is true that we will have more* leisure, and that we must plan for it collectively. It is true that the chip is an opportunity to re-think and re-shape a better world.

However, it is not true that the chip will replace old skills without creating new skills. Indeed, a chip on its own is as useless for processing data as a can of petrol is for driving to the shops. A great deal of peripheral equipment needs to be designed to accept digital data from the processor and to present this data to the outside world in an acceptable form: e.g., movement of a robotic arm, £1 notes counted by an automatic till.

And it is not true that programmers' jobs are at risk—quite the contrary. We at Bleasdale Computer Systems are currently teaching new skills—particularly how to program microprocessors. *Even so,* the current UK shortage of programmers will get worse.

It is true that microprocessors will put people out of work—they already have done. It is equally true that new jobs are being created—in the past two months alone National Semiconductor and Intel have announced that *they* will expand their UK staff, and Inmos is going to set up a new factory.

There are other examples, as your excellent Lombard article (July 23) pointed out. Furthermore, if the UK does not use microprocessors, UK products will not sell, and unemployment will certainly ensue.

Finally, scare-mongering about new technological development *comes ill from the Association* of Scientific, Technical and Managerial Staffs — most of whose members' jobs *would* not exist but for past technological progress.

John Walker, Ben Clay, Allan Kennedy.
Bleasdale Computer Systems,
7, Church Path,
Merton Park, SW19.

How many hours?

From Mr. D. Colin Jones

Sir,—Contrary to the hopes of trade union members, the concept *of one rule for the workers* and another rule for the bosses is still very much in evidence in our country. The advertisement dealing with the silicon chip placed in today's Financial Times by ASTMS confirms this.

It states that "even now we are wedded to the old notion of . . . 48 hours a week." However, the invitation to telephone ASTMS for further information advises that "Real people will answer from 10 to 5—after that it's the chip again." Only on the extremely unlikely assumption that the same person is present to answer the telephone from 10 to 5 on seven days a week is anything like a 48-hour week reached. Much more likely is a five-day week with an hour for lunch—totalling a very meagre 30 hours, for a 10 to 5 day.

That's what it's like at union office—what do the 48 hours per week union worker members think?

A final thought: Perhaps The Chip is already in charge of ASTMS.

D. Colin Jones.
33, Foxleys,
Carpenders Park, Watford.

Undervalued engineers

From the Managing Director, Bygate Gears

Sir,—I read with interest Mr. Wood's letter on September 18 that engineers are undervalued and under rewarded. Not only do I agree with him entirely, but I also think that until the position is corected, this country canntо succeed in engineering.

It grieves me that after seven weeks of strikes, the Engineering Employers Federation (EEF) and the *Confederation* of Shipbuilding and Engineering Union (CSEU) are arguing the toss, among other things, over whether the National Minimum Rate *should* be £70 or £80. It seems to me, that for the good of the Engineering Industry, both parties *should* together have realised and agreed that the likely solution to this present conflict is not going to materially improve the lot of the engineer and it is not going to attract any more recruits to what is already an *ailing industry.*

This country needs engineers, and it is only by paying them a high wage that we will attract and retain them. The producers must always be paid more than *the non* producers. The EEF and CSEU should be in agreement with this and they should now be seeking *Government* support that *the* engineer is a rare species and must be protected. Remember what happened to the Dodo.

S. R. Quartley.
Bath.

Accident statistics

From the Director of Statistics, Health and Safety Executive

Sir,—Mr. A. G. Horsnail's figures for accidents and deaths at work, 1972-78 (letters, September 18) which he attributes to the Health and Safety Executive are not comparable from year to year; those he quotes *for the last two years* cover a much wider field than those for earlier years. The best consistent *series available* are:—

	Deaths 000's	All reported accidents 000's.
1972	668	351
1973	762	371
1974	639	337
1975	610	328
1976	567	324
1977	514	326
1978 (provisional)	551	327

These refer to the field now covered by the Health and Safety Commission, except "new entrants," accidents to whom are not yet *compulsorily* reportable, and offshore installations. They tell a different story from those in Mr. Horsnail's letter.

B. C. Brown.
Baynards House,
1, Chepstow Place, W2.

Penny post

From P. J. Hewitt

Sir,—Your correspondent Mr. Heymanson (September 19) finds postal officers courteous and helpful and wonders what has happened to the service.

I agree with his comments on courtesy. In response to my numerous complaints, the Head Postmaster of Harrow has sent me the most friendly *and apologetic* replies but no reassurance.

However, I am not sure that the post office officials really admit that anything is wrong. Delays must be caused by the application of new, secret rules. I suggest two possibilities.

The first is to force the public to use the telephone and telex services more and so improve post office profits.

The second is that mail is bagged and lots are drawn to determine which bags are to be sent on a mystery tour including unplanned halts en-route. Furthermore, it would appear, that in order to keep the public guessing, some mail is sent to handling offices in the depths of the countryside where the friendly staff won't dream of letting it go until it has been *with them for a week or so.*

Whatever the reasons for the delays are, it is clear that the Post Office no longer has the ability to honour its delivery promises. Is it not time to let some other organisation handle mail?

P. J. HEWITT.
7, Abbotsford Lodge,
Eastbury Avenue,
Northwood, Middx.

Immigration policy

From Mrs. Carol A. Linden.

Sir,—Having read Sue Cameron's Lombard column in the Thursday September 13 issue of the Financial Times, I cannot remain silent. I find it absolutely preposterous that William Whitelaw can so blatantly discriminate against over half the British population *in not allowing British women* the free choice of who they can marry and whether they can live in their own country if they happen to choose a foreign non-EEC husband. To sell his female co-nationals down the river so blithely because he does not have the political strength of his convictions and because these convictions would bring upon him the smear of racism, is indeed one of the most cowardly and disgusting political manoeuvres I have yet heard of.

On the personal side, since I am married to an American, the passing of the Home Secretary's proposed law would be tantamount *de facto* to stripping me of my British citizenship and unilaterally exiling me from my *home country. I find this totally* unacceptable. Should I wish to take on the nationality of my husband or of another country, or should I wish to emigrate permanently, then and then only, will I initiate proceedings to reach such ends. That a woman should be penalised because she has met and fallen in love with a foreigner, and a man not in the identical circumstances, is unthinkable in this day and age.

Such attitudes in Britain also have other repercussions in my mind. I am a banker, working for a non-UK institution which has offices in the UK. One of the reasons for which I have always resisted returning to the UK (thus adding to the so-called "brain drain" — or does that only apply to men?) is the medieval attitude of British men towards women in general and towards women in business in particular. William Whitelaw's proposed legislation only serves to confirm me in my "prejudice" (?) and makes me wonder if, in fact, it would not be more sensible *to become a citizen of a* more civilised country.

Carol A. Linden,
84 Corso di Porta Romana,
Milan 20122.

Splitting the BBC

From Lord Annan.

Sir,—In his excellent review of *A Seamless Robe* (September 15) Mr. Anthony Curtis states that Sir Charles Curran demolished "the Annan proposal of service boards to decentralise the power structure" of the BBC.

The Annan Committee made no such proposal. The majority of the Committee were against the splitting of the BBC and believed that it should continue as a single Corporation under the Director-General and his Board of Management. The proposal for service boards was made in the White Paper *issued by the former Labour* Government.

Noel Annan.
University of London,
Senate House, Malet Street, WC1

Looming energy gap

From the City Architect and Planning Officer, Cambridge

Sir,—Your leader of September 18 implies that the forecast increasing deficit between the UK's future energy needs *and our own production will be* satisfied with increases in imported energy sources such as oil and coal.

Our position is the same as that of other industrialised countries, and if we add their future deficits to our own and to the increasing demands for energy from developing nations it appears that there is going *to be an increasing* international demand for energy which will not be met.

I do not think we are entitled to assume, as you appear to do in your leader, that our future deficits will be increasingly satisfied by imports and neither is any other country entitled to do so either. We and they appear likely to face an energy deficient future which, in my view, requires urgent consideration.

J. M. Milner.
The Guildhall, Cambridge.

It's not cricket

From Mr. P. A. Oliver

Sir,—I wish I could understand the British people. If beer or cigarettes go up 2p they nearly go mad and yet the fact that next year we shall be out-of-pocket to the tune of £1,000m+ to the EEC seems to be a matter about which the "man on the Clapham omnibus" cares not in the least.

Once again John Cherrington in last *Tuesday's Lombard* Column has pointed out that there is only one ultimate sanction and that is the UK's withdrawal. We have joined a "football" club when we wanted to play "cricket." For five years we have tried to convince ourselves *that we were* playing "cricket," surely now—at last—we can see that if the rest want some other sort of ball-game then the only way for us is out.

Can anyone explain to me why we keep on signing blank cheques?

P. A. Oliver.
30, Holmes Crescent,
Wokingham, Berkshire.

Today's Events

GENERAL

U.K.: Zimabwe-Rhodesia constitutional conference continues, *Lancaster House,* London.

Mr. Adam Butler, Industry Minister, meets Mr. Joel le *Theule,* French Transport Minister, to discuss ownership of five unsold Concordes, and further supersonic research.

Liverpool University publishes report on decline of port of Liverpool.

Steel Industry Management Association conference opens, Harrogate.

Local authorities joint conference continues, Scarborough, (until September 21).

Scottish Prison Officers Association conference continues, Perth. (until September 21).

Sir Adrian Cadbury, chairman of Cadbury-Schweppes, installed as chancellor of Aston University, Birmingham.

Two-day antique *arms fair* opens, Royal Lancaster Hotel, London.

Overseas: United Nations General Assembly considers which delegation should represent Vietnam, New York.

Mr. John Crosbie, Canadian Finance Minister, meets Mr. George Colley, Irish Finance Minister, in Dublin.

Department of Trade and Bank of England officials start four days of talks with the National Iranian Oil Company, various Ministries and the Central Bank, in Tehran.

Philippines celebrate seventh anniversary of imposition of martial law.

OFFICIAL STATISTICS

Gross domestic product (second quarter—provisional). New vehicle registrations for August.

COMPANY RESULTS

Interim dividends: Boddingtons Breweries. Laporte Industries (Holdings). Liberty and Co. G. W. Sparrow and Sons. Thomas Jourdan. Interim figures only: Bridgewater Estates.

COMPANY MEETINGS

Electrocomponents, Great Eastern Hotel, *Liverpool Street,* EC, 12. Hogg Robinson, The Baltic Exchange, 14-20 St. Mary Axe, EC, 12.15. Jacksons Bourne End, Bourne End, Bucks., 11.45. Midland Trust, Moor Green, Moseley, Birmingham, 3.30. Property Security Investment Trust, 13, St. Swithin's Lane, EC, 12.15. David S. Smith, Kingsley Hotel, Bloomsbury Way, WC, 12. Smith Whitworth, Midway Hotel, Manchester Road, Castelton, Rochdale, 11. Unitech, Great Eastern Hotel, *Liverpool Street,* EC, 12. Ward and Goldstone, Midland Hotel, Manchester, 12.

GKN up £11.5m so far but strikes hitting hard

WITH significantly better results from automotive component operations and some recovery in the UK steel distribution sector, first half 1979 pre-tax profits of Guest Keen and Nettlefolds advanced from £42m to £53.5m.

However, the engineers' dispute is having a major disruptive effect on the group's UK operations and the directors warn that third quarter profits are being severely affected.

At this stage they say that it is not possible to assess either the ultimate cost of the dispute or the effect on UK profits for 1979.

The directors point out that the 1979 accounts will include termination costs on discontinued activities, principally GKN Bolts and Nuts, and net losses on investment disposals, estimated at a total of £23m.

This includes some £7m in respect of the difference between the book value of John Lysaght Australia)—reduced by £31m, being the amount of post acquisition reserves arising from the revaluations of fixed assets—and the estimated sale proceeds.

The directors explain that the result from the automotive component operations (where the trading surplus was up £26m to £30m) came about from supplying generally strong world markets from the major plants in the UK and Europe. In the distribution sector there was some recovery in the UK steel stocksolding activities, and the rsult (ahead from £5m to £9m) also includes Parts Industries Corporation of the U.S. acquired at the beginning of the year.

The markets for general steels, building and construction and other activities continued to lack buoyancy. The directors say that such improvements that were achieved in these areas were not so much attributable to growth in demand as to earlier actions taken to reduce costs and eliminate or improve unprofitable activities. These actions continue to be taken throughout the group.

After recovering well from industrial troubles early in the year UK activities showed some overall improvement, although the rate of profitability remained low. From sales of £699m against £624m the UK side produced profits ahead from £30m to £36m.

Continental European operations overall achieved higher profitability largely due to the continued strength of the transmission business. In this sector, sales marginally higher at £204m against £200m were translated into profits ahead from £15m to £20m.

The half year profit was struck after total depreciation of £33.6m (£31.5m)—including an additional £11.5m (£10.5m) for inflation and an increased interest charge of £14.8m against £11m. Earnings come through at £26.3m compared with £20.4m—equal to 17.4p (13.5p) per share or 25.5p (20.9p) prior to additional depreciation.

The interim dividend is 5.8392p (5.589p) net—equal to an unchanged 8.3417p gross. The net total for 1978 was 17.38p paid from pre-tax profits of £87.8m.

	First half 1979 £m.	1978 £m.
External turnover	1004.2	899.6
Trading surplus	92.8	79.8
Depreciation	22.1	21.0
Additional for inflation	11.5	10.5
Leaving	59.2	48.3
Invest. inc., interest	1.5	1.0
Interest payable	14.8	11.0
Share of associates	7.6	3.7
Profit before tax	53.5	42.0
Taxation	24.5	18.8
Minorities	2.7	2.8
Earnings	26.3	20.4

Referring to the sale of the 50 per cent holding John Lysaght (Australia) the directors state that application for the necessary Australian consents to enable completion to be effected has been made. In the meantime the profit for the half year of £4.7m attributable to the holding is included under share of associates profits.

They say that the acquisition of Sheepbridge Engineering, a company with interests in the manufacture and distribution of automotive replacement parts, is one of a number of steps being taken to develop GKN's distribution operations.

See Lex

Inco progress in Indonesia

CANADA'S Inco expects that its US$900m (£418m) Indonesian mine will produce 20m to 25m lb of nickel this year and will reach 50 per cent to 60 per cent of its designed 100m lb annual capacity in 1980.

Mr. J. Edwin Carter, the Inco chairman, added in a speech to local company officials in *Sudbury, Ontario*, that the Indonesian mine produced 10m lb of nickel in 1978, its first year of commercial production.

Commenting on Inco's studies of the feasibility of ocean bed mining of manganese nodules, Mr. Carter said all efforts have been of a research and development nature and the conclusions, at best, were tentative. He thought that ocean mining would not begin before about 1990.

Hoskins and Horton at £0.34m so far

ON turnover up from £4.58m to £5.27m, taxable profits of Hoskins and Horton edged ahead to £338,000 in the first half of 1979, compared with £316,600 last time.

The directors of the building and hospital equipment group say that Hoskins is now seriously under-employed through the restrictions in the National Health Service.

The engineers' dispute has been damaging, they add, and the immediate outlook is bleak. Trewhella is also very short of work.

CSM Plating, which was acquired in June and the results of which are not included, is doing well. The Horton companies have made strong progress after a difficult start.

Interest charges are increasing sharply, the directors say, because of extra finance required temporarily for export and the rise in rates.

The net interim dividend is lifted to 3p (1.689p) to reduce disparity. Last year a total of 10.38784p was paid from taxable profits of £631,000 (£374,000).

After tax of £129,700 (£127,700) earnings per 20p share are given as 7.9p (8p).

Sedgwick Forbes turns in £25.3m for six months

TAXABLE profits of Sedgwick Forbes Bland Payne Group, for the first six months of 1979, are shown at £25.3m, compared with £28.1m.

The results are the first of the group since implementation of the merger between Sedgwick Forbes Holdings and Bland Payne Holdings on February 12 1979, the 1978 figure being the combined result of the two companies.

Operating profit, which directors fell would be misleading to include for a six-month period, was £25.8m (£28.1m) and loan interest took £0.5m.

	Six months 1979 £m.	1978 £m.
Operating profit†	25.8	28.1
Loan interest	0.5	—
Profits before tax	25.3	28.1
Tax	13.2	14.8
Minorities	0.1	0.1
Attributable	12.0	13.2

† Excluding insurance companies.

Mr. Neil Mills, chairman of this insurance, reinsurance and underwriting concern, explains that results were affected by the strength of sterling, against the U.S. dollar, and by soft insurance markets worldwide.

He says that if the pound had remained at the same levels ruling in the first six months of 1978, profits might have been £2.7m higher.

Mr. Mills says that as the receipt of brokerage income does not necessarily follow a uniform pattern over the year, no conclusion can be drawn from the interim figures.

Results will depend on the relative value of the pound against foreign currencies, he states: "it is, therefore, extremely difficult to forecast the results for the full year."

The directors, however, do not expect profits for the full year to equal the total amount of the two former groups, for their last financial year—Profits of Sedgwick Forbes and Bland Payne in 1978 were £25m and £25.9m respectively.

A substantial amount of time has been taken up during the period in further planning of the integration of the businesses of the two groups, ad the chairman says the Board remains confident the group provides a solid base for future growth.

Earnings per 10p share of the group are given as 5.7p—the same figure as for the former Sedgwick Forbes group—and directors are paying a net interim dividend of 2p, absorbing £4.2m, as forecast at the time of the merger.

They expect to pay a 3p final for the year.

● comment

A first time set of figures from the newly merged Sedgwick Forbes Bland Payne insurance broking giant — it represents around a quarter of the insurance broking sector in terms of market capitalisation and is the largest insurance broker in the UK — are down fairly predictably. The usual currency factors affecting all insurance brokers have had an adverse impact on the high overseas earning SFBP. Merger costs have not helped and rationalisation has yet to work through. For the full year £47m looks possible for the group but prediction is an uncertain exercise. The group says that profits are not likely to equal the total profits of the two groups for their last financial year. It is using the managing accounts of Bland Payne for the period to end December last year and its own published figures for that assessment so the stockmarket is going to find any appraisal difficult. Meanwhile, the shares at 94p yield a prospective 7.6.

HIGHLIGHTS

In a day of turbulent currency markets, where the Dollar breached the DM 1.80 barrier, Lex considers the response of the central banks. It was a busy day for the engineering sector yesterday with GKN heading the list of companies reporting from that sector: its half-time profits rose from £42m to over £53m, which is well in excess of expectations. Meanwhile, Delta Metal shows an increase from £12.9m to £14.1m but the company has ben hit by two *serious internal disputes* and now faces the general engineering workers' strike. Elsewhere, Amalgamated Metal produced some very disappointing figures and the dividend is cut while Stone Platt's interim figures reveal a collapse in profits. Brown Boveri Kent is well down, Hestair is scarcely making any money pre-tax and Telefusion—the retail and rental company—also shows a drop in *pre-tax profits*. The day seemed to produce very few bright spots except perhaps motor dealer Harold Perry.

Six months' reduction at Wadkin

TAXABLE PROFITS of Wadkin, the woodworking and metalworking *machinery group*, were down from £1.01m to £0.62m for the first six months of 1979. Sales were some £1m higher at £11.75m, but the export contribution fell from £3.94m to £3.52m.

While the group has been able to hold up its order book, output was lower than targeted due to industrial action. Also, margins were reduced because some of the effects of the increased value of sterling have been absorbed, in order to be more competitive against foreign competition at home and abroad.

Although order books are sufficient to maintain full productivity throughout the year, the Board says the trading position for the second half remains uncertain due to the current national engineering dispute.

Half-yearly earnings per 50p share declined from 13.94p to 8.96p, but the interim dividend is kept at 2.25p net—last year's final was 4.22p

Tax took £190,000 (£388,000) for the six months,

AMC profit and interim cut

SUBSTANTIAL losses from certain activities within the physical trading division have cut first half 1979 profits of Amalgamated Metal Corporation from £5.79m to £3.87m. In view of this the interim is being lowered by 2.5p to 3p.

The directors explain that these losses directly affect the profit available to shareholders since, due to their geographic location, no tax relief is available.

	First half 1979 £000	1978 £000
Group turnover	604,000	455,000
Profit before tax	3,866	5,785
Taxation	2,390	2,712
Minorities	734	1,027
Net balance	742	2,046
Extraordinary credits	360	—

New management is being introduced into the division and a detailed review of trading policy is being made. Significant changes in the approach towards trading may be expected following this review, the directors state.

They report that the results of the tin smelting and industrial divisions continued at a satisfactory level, although the latter division was affected by the haulage dispute. Excellent results from terminal trading activities were more than offset by the physical trading losses.

After tax, lower minorities and taking in an extraordinary credit this time of £360,000 the net profit came through at £1.1m, against £2.05m. Earnings per share before the extraordinary credit were 10.9p (31.6p) and after the credit 16.6p.

The directors note that appreciation of sterling during the first half has necessitated a charge of £754,000 against group reserves compared with a credit of £251,000.

In 1978 the group, a subsidiary of Preussag AG, produced a pre-tax profit up from £6.1m to £8.5m and a total dividend of 16.4p was paid.

● comment

Given the rise in non-ferrous metal prices this year, AMC's interim profit shortfall of a third comes as something of a shock. The shares crashed by 25p to 270p yesterday and there is enough uncertainty surrounding the nature of the group's problems to suggest that the share price floor has not yet been reached. Certainly the futures operations have performed very well and both tin smelting and industrial operations are described as "satisfactory." But other than spotlighting substantial losses in certain areas within the physical trading division here is no way of telling where and in which commodities AMC has been hit. The difficulties are sufficiently serious to necessitate a review of trading policy and the inference must be that the problems have been internal rather than external and the division has probably been underperforming anyway since 1974. The sheer volatility of these activities precludes sensible forecasting at this stage and the decision to cut the interim dividend may be intepreted as prudent rather than over-cautious.

Marshall (Loxley) profit falls £244,000 midway

IN LINE with last May's warning that results for 1979 would not be as good as in previous years, Thomas Marshall and Company *(Loxley), maker of fireclay* refractories, etc., reports a drop in first-half taxable profits from £369,000 to £125,000. Turnover was almost £1m higher at £8.71m.

Mr. W. T. Hale, the chairman, says there has been only a partial recovery from the poor first *quarter* which he reported in his last annual statement. He says the fears expressed in April, 1977, that a strengthening pound *coupled* with high inflation would make make exporting more difficult, were well founded. The resulting lack of *orders has forced* the company to make some redundancies.

The second half of each year is normally considerably better *for the company* than the first six months, Mr. Hale states. While the removal of price control allows a more realistoic price *for some of the company's products* in the UK, continued inflation and a big increase in the cost of gas makes for uncertainty.

In spite of the problems, the charman anticipates an improved performance during the second six months.

Last year, profits fell slightly from £1.2m to £1.16m.

Mr. Hale explains that the Board foresaw these problems *some months ago and the decision* not to increase last year's final dividend took them into account. Therefore, despite the profits fall, the interim dividend is held at 1.2p net on earnings per 25p share of 1.58p (5.23p)—last year's final was 1.576p.

Depreciation charged was £157,000 (£148,000) and interest was up by £80,000 to £163,000. Tax took £32,000 (£74,000).

H. Mackay expands to £338,000

Taxable profits of Hugh Mackay and Company, carpet manufacturer, increased from £193,000 to £338,000 in the first half of 1979, on turnover of £4.66m, compared with £4.1m.

Mr. John Mackay, chairman, says that despite difficult trading conditions within the industry, the group managed to maintain sales volume and increase sales value. Profit approached the improved rate obtained in the second half of last year. For the whole of 1978, the surplus reached £656,000.

After tax for the half-year of £195,000 (£118,000), earnings per 25p share are shown to have risen from 4.04p to 7.34p. The net *interim dividend is held at* 1.4p, and again absorbs £69,254. Last year's final was 2.22p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amal Metal	int.	3	Nov. 2	5.5	—	16.4
Blockleys	int.	1.5	Oct. 22	1.16	—	4.26
Brown Boveri	int.	1	Dec. 14	1	—	2.2
Copydex	int.	1	Oct. 31	0.75	—	2.46
Croda	int.	1.5	—	1.08	—	2.43
Delta Metal	int.	1.82	Jan. 2	1.82	—	5.6
Dowding & Mills		0.91	—	0.66	1.5	1.2
Garton Eng.	int.	3.15	Nov. 30	3	—	6.53§§
Glasgow Stckhldrs.	spec.	0.44‖	Oct. 19	—	—	—
G.T. Japan Invst.		5	Oct. 25	1	7	2
Guest Keen	int.	5.84	Jan. 2	5.59	—	17.38
Hamilborne	int.	0.5	Nov. 16	0.5	—	0.94
Harris & Sheldon	int.	1.25	Nov. 8	1.05*	—	2.21*
Hestair	int.	nil	—	2.36	—	3.5
Highcroft Trust	int.	1	Oct. 23	0.9	—	2
Hoskins & Horton	int.	3‖‖	Nov. 1	1.69	—	10.39
Kwahu		1.84	Nov. 9	1.84	1.84	1.84
Liverpool Post	int.	3.46	Oct. 31	3.01	—	8.1
London & Holyrood	int.	2a	Nov. 16	1.25	—	4.2
Lond. & Provincial	int.	3a	Nov. 16	1.25	—	3.95
Manders	int.	1.2	Nov. 19	0.9	—	2.31
Leadenhall Sterling	int.	1.25	Jan. 3	0.89*	—§	2.57*
Leyland Paint	int.	1	Nov. 30	1*	—	3.04*
T. Marshall (Lxly.)	int.	1.2	Nov. 1	1.2	—	2.78
Park Place		1.8†	—	0.82	2.8	1.12
H. Perry	int.	3	Dec. 6	1.68	—††	3.68
Selection Trust	int.	9	Nov. 5	5	—	20.84
Sedgwick Forbes	int.	2	Oct. 26	—	¶¶	—
Sterling Trust	spec. int.	1.0¶	Oct. 30	—	—	—
Stone-Platt	int.	1.4‡	Nov. 16	2.73	—	4.06
Telefusion		0.84	Nov. 2	0.7	1.5	1.31
TransOceanic	spec. int.	1.28**	Nov. 1	—	—	—
Wadkin	int.	2.25	Nov. 1	2.25	—	6.47
Williams & James	int.	1.16	Nov. 9	1.11	—	3.67

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To redress imbalance with final. § Final of 1.875p forecast. ¶ Arrears from Shell, BP and Unilever. ‖ Arrears from Shell. ** Arrears from Shell and Unilever. †† Final of not less than 3.6p forecast. §§ Additional 0.15p now payable. ¶¶ Final of 3p forecast. ‖‖ To reduce disparity. a Including 0.4p arrears from Shell and Unilever.

The Rio Tinto-Zinc Corporation Limited

Report for the half-year ended 30 June 1979

The directors announce that the unaudited net profit attributable to RTZ shareholders before extraordinary items for the first six months of 1979 was £61.6 million (24.44p per ordinary share), an increase of £20.8 million (8.25p per ordinary share) over net profit for the corresponding period of 1978. The increase in net profit was mostly due to the improvement in prices realised for copper, lead and zinc, and would have been approximately £9 million more but for the higher value for the pound sterling used to translate the net profits of overseas subsidiaries compared with a year ago.

Summary

Sales for the first half of 1979 were £1,171.3 million as against £972.5 million in the comparable period of 1978, an increase of approximately 20 per cent. The increase of some £200 million would have been £150 million greater but for the higher value for the pound sterling at 30 June 1979 used to translate the sales of overseas subsidiaries, compared with the value a year earlier. *Sales by Duisburger Kupferhütte of* £36.9 million and United Sterling of £17.8 million are included in 1979 figures, both companies having been acquired early in the year.

The average prices for all non-ferrous and precious metals sold by the Group were substantially higher in the first six months of 1979 compared with the same period in 1978. For copper the average LME price was £940 per tonne, an increase of £261 per tonne over the average price for the first six months of 1978, and the improvement in lead and zinc prices was even more marked.

As a consequence largely of the higher metal prices, Group profit before tax for the first six months of 1979 increased to £199.3 million, an improvement of £76.7 million over the same period of 1978.

After deducting tax and the amount attributable to outside shareholders, net profit attributable to RTZ shareholders for the six months to 30 June 1979 was £61.6 million (24.44p per ordinary share), an increase of £20.8 million (8.25p per ordinary share) over net profit for the comparable period in 1978. The increase would have been approximately £9 million larger but for the higher value for the pound sterling in 1979, referred to above, used to translate the net profits of overseas subsidiaries.

Deferred tax in the Group's non-mining subsidiaries has been calculated in accordance with SSAP 15 and it is estimated that the tax charge for the half-year after allowing for the consequential write-off of advance corporation tax, has been reduced by approximately £1.9 million compared with the amount that would have arisen under the full deferral method previously used. For the first half of 1978, the corresponding reduction in tax was £0.7 million.

Contribution to RTZ's net attributable earnings from its principal activities

Largely as a consequence of the higher metal prices, sales by the CRA Group for the first six months of 1979 expressed in sterling were £57 million above the level of a year ago, an increase of approximately 18 per cent. The greater part of the increase was achieved by AM&S *as a result of* higher metal prices together with increased volumes of zinc concentrates and lead metal, partly offset by lower volumes for lead concentrates and zinc metal. Bougainville's sales were higher, the improved copper and gold prices being more than sufficient to offset a small reduction in production and shipments. Hamersley's sales were higher in Australian currency mainly as a result of favourable exchange movements against the US dollar together with some price increases, but this changed to a small decrease when expressed in sterling. Shipments were adversely affected by an industrial dispute which stopped all production between late May and early August. The CRA Group's contribution to RTZ's net attributable earnings for the first half of 1979 was £16.6 million higher than in the same period of 1978 reflecting the improvement in earnings by AM&S, Bougainville and Mary Kathleen Uranium. The net contribution from Hamersley was marginally below 1978, the increase in investment allowances being offset by accelerated depreciation on the pellet plant.

Rio Algom's sales were higher in Canadian dollar terms but lower when translated into sterling. The improvement in the Canadian dollar sales revenue was due to an increase in steel sales in spite of the Tracy plant having been shut down by industrial action since mid-March. There was a small decrease in revenue from uranium, higher selling prices being more than offset by a fall in shipments resulting from the refusal of the Tennessee Valley Authority to take delivery of 500,000 lbs of U_3O_8, in concentrates. Lornex's revenue was higher reflecting the increase in copper and molybdenum prices and earnings were improved accordingly. Notwithstanding this improvement, the effect overall of the decline in the value of the Canadian dollar together with an increase in operating costs at the Elliot Lake mine has resulted in Rio Algom's contribution to RTZ's net attributable earnings for the first half of 1979 being £1.6 million lower than in the same period of 1978, a decrease of approximately 24 per cent.

(£ millions)	First Half 1979	First Half 1978	Year 1978
Group sales revenue	1,171.3	972.5	1,953.9
Group operating profit	196.7	119.2	276.8
Share of profits of associated companies	15.9	14.0	29.4
Dividends and interest receivable	16.1	14.4	28.1
	228.7	147.6	334.3
Deduct: Interest payable	29.4	25.0	50.3
Group profit before tax	199.3	122.6	284.0
Deduct: Tax	86.1	55.5	111.9
Group profit after tax	113.2	67.1	172.1
Deduct: Attributable to outside shareholders	51.6	26.3	69.8
Net profit attributable to RTZ shareholders (see note 1)	£61.6m	£40.8m	£102.3m
Earnings per ordinary share	24.44p	16.19p	40.59p
Dividends: Preference	0.2	0.2	0.4
Ordinary—Interim	10.9	8.4	8.4
—Final	—	—	19.4
	£11.1m	£8.6m	£28.2m
Declared per 25p ordinary share	4.50p	3.50p	11.50p
Gross equivalent to UK shareholders	6.43p	5.22p	16.65p

Notes:

(1) 1978 results have been amended from those originally published in order to include deferred tax in accordance with SSAP 15. The effect of these amendments has been to reduce the charge for tax and to increase net profit attributable to RTZ shareholders by £0.7 million for the first half of 1978 and by £3.9 million for the year 1978.

(2) The results of overseas operations have been translated from foreign currencies into sterling at the quoted rates of exchange ruling at the accounting dates.

(3) The amount shown for the 1979 interim ordinary dividend is calculated in relation to the ordinary shares currently in issue and no amount is included for any issues of accumulating ordinary shares allotted to holders of accumulating ordinary shares in lieu of dividend. If all accumulating ordinary shares are converted to ordinary shares, the cost of the 1979 interim dividend will be £11.3 million.

(4) The results of certain overseas subsidiaries have been adjusted for differences in accounting practices. The effect has been to increase RTZ's net attributable profit for the first half of 1979 by £1.5 million compared with the amount derived from the published results of the subsidiaries concerned. The corresponding adjustments for the first half of 1978 and the year 1978 were increases of £0.5 million and £1.7 million respectively.

Palabora's sales were higher than in the first half of 1978, mainly as a result of the increase in copper price. The contribution to RTZ's net profit was correspondingly improved. Rössing Uranium achieved an increase in sales as a result of the higher rate of production which had reached design levels by mid-year. Profit for the period was also better than in 1978 and no provision for tax was necessary as profit for the half-year was covered by losses brought forward.

Sales by RTZ Borax were approximately 7 per cent above the level of the first six months of 1978. The inclusion of United Sterling for the first time was more than sufficient to offset the lower sales from US Borax resulting largely from the decline in the value of the US dollar. Net profit expressed in sterling was, however, affected by the lower US dollar value and there was a small decrease compared with the first half of 1978 when production was running at high levels. Profits from the chemical operations in the United Kingdom were higher than the corresponding period in 1978 due to the better than expected results from United Sterling.

RTZ Industries' sales were nearly 26 per cent higher than in the corresponding period last year. This was achieved mainly through increased sales by Pillar Aluminium in the UK and by Indal in North America including new acquisitions which were not reflected in the 1978 half-year results. As a result of the improved profit from Pillar Aluminium's and Capper Pass' operations in the UK and from Indal's operations in North America, the contribution from RTZ Industries for the first half of 1979 was approximately 10 per cent higher than in 1978.

Compared with the same period in 1978, increased contributions to sales and net profit were achieved by RTZ Oil and Gas from its participation in the Argyll Field in the North Sea as a consequence of improved production and higher oil prices, and by Anglesey Aluminium and the metal trading activity as a result of buoyant market conditions for aluminium.

Outlook

The indications are that metal prices generally will be somewhat less buoyant in the second half-year than they were in the first half, and most of the Group's operations are experiencing increasing inflationary pressure on costs. Notwithstanding these factors and the adverse effect which the strength of sterling has in reducing the value of profits earned by the Group's overseas subsidiaries, prospects for 1979 as a whole are for net profit to show a useful improvement over 1978.

US anti-trust proceedings

The private civil anti-trust actions brought in the United States by Westinghouse Electric Corporation against twenty-nine companies including RTZ and certain Group companies, and by the Tennessee Valley Authority against eight companies including RTZ and certain Group companies, both continue. It is expected that very heavy damages will be asserted in these actions by Westinghouse and the Tennessee Valley Authority.

Recently, Rio Algom Limited has commenced two actions in Canada, one against the Tennessee Valley Authority claiming damages of $800 million Canadian and one against both Westinghouse and the Tennessee Valley Authority claiming damages of $1,600 million Canadian.

As stated in note 25 to the last audited accounts, in the Westinghouse action a default judgment has been entered against all the non-appearing defendants, including RTZ and four other non US Group companies on issues of liability. Motions to defer a hearing on damages until after the trial on the merits (currently scheduled for September 1981) were made by all appearing defendants and supported by briefs filed with the Court by Her Majesty's Government and the Government of South Africa. However, the United States judge ruled on 17 September that, *subject to the resolution of various appeals* now pending or which may yet be brought in the Court of Appeals, he intends to hold such hearing on damages against the non-appearing defendants on *10 December prior to the trial* of the action on the merits against the appearing defendants.

RTZ and RTZ Services have been served with an order made under the Shipping Contracts and Commercial Documents Act 1964 by Her Majesty's Government directing the companies not to comply with orders of the US Court to produce UK documents and information.

In the Westinghouse action, the preliminary injunction purporting to restrain the transfer, withdrawal or divestiture of United States assets by all non-appearing defendants, continues.

On the basis of the relevant facts and in accordance with legal advice, RTZ and the Group companies named in both of the actions, with the exception of Rio Algom Corporation (a company incorporated in the United States), deny jurisdiction. Furthermore, RTZ and all the named Group companies deny liability. Legal expenses are being charged against revenue as incurred but no further provision has been made.

Dividends

The directors have declared a dividend of *1.6625p per share on the 3.325% 'A' cumulative* preference shares of the company and a dividend of 1.75p per share on the 3.5% 'B' cumulative preference shares of the company both in respect of the half-year to 31 December 1979. These dividends will be paid on 2 January 1980 to holders on the London and Melbourne registers as at close of business on 16 November 1979 and to holders of share warrants to bearer representing 3.5% 'B' cumulative preference shares on or after 2 January 1980 after presentation of coupon number 35.

The directors have declared an interim dividend of 4.50p per share in respect of the year to 31 December 1979 on the ordinary share capital of the company, compared with 3.50p per share in 1978.

The interim dividend on the ordinary shares will be paid on 2 January 1980 to holders on the London and Melbourne registers as at close of business on 16 November 1979 and to holders of share warrants to bearer on or after 2 January 1980 after presentation of coupon number 36. In the case of holders of ordinary shares and 'A' cumulative preference shares on the Melbourne register, payment of the foregoing dividends will be made in Australian currency at the rate of exchange ruling on 27 November 1979.

The dividends on the ordinary and preference shares will be paid without deduction of income tax and will carry a tax credit. This credit will be available principally to United Kingdom resident shareholders and also to shareholders resident in certain other countries under double taxation agreements. The interim ordinary dividend for 1979 after adding the tax credit will be equivalent to a gross dividend of 6.43p per share (compared with 5.22p per share for the interim dividend for 1978).

Accumulating ordinary shares

Holders of accumulating ordinary shares will receive on 2 January 1980 a further allotment of accumulating ordinary shares, credited as fully paid, on the basis of 0.014810 of a new share for every share held at the close of business on 16 November 1979. Fractions of less than one half of a share will be eliminated and fractions of one half of a share or more will be rounded up to one whole share. Holders of accumulating ordinary shares will also receive a dividend of 0.1p per share.

By order of the Board D. A. Streatfeild *Secretary*

6 St. James's Square
London SW1Y 4LD.
19 September 1979.

Printed copies of the report are available on request from the company's transfer office, 1 Redcliff Street, Bristol BS1 6NT.

RTZ

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Companies and Markets

UK COMPANY NEWS

Delta Metal ahead but disputes cloud outlook

BUT FOR the engineering dispute, Lord Caldecote, chairman of Delta Metal says that he would have been confident that group pre-tax profits for 1979 would be higher than the £28.5m achieved in 1978.

In the first half of the year sales improved from £227.9m to £256.8m and profits moved ahead by 8.7 per cent to £14m. The engineers dispute is, however, severely restricting production at a number of plants and the chairman feels that it would be unwise to make any forecast for the second half.

Lord Caldecote reports that in the UK demand for most products continued at a satisfactory level, but profits were adversely affected by industrial disputes. Exports were lower, reflecting the difficulty of quoting competitive prices combined with the strength of sterling and industrial disputes, which led to demand for some products not being met.

In the overseas companies sales and profits were higher; better results in Africa and Europe outweighed the adverse effects of exchange rate movements.

Current UK demand for most of the group's products is not so buoyant as it was in the first quarter. Export business is "thus of paramount importance" and is becoming increasingly competitive, states the chairman.

In the coming months he anticipates that UK trading conditions will become more difficult. Home demand will at best remain static at its present somewhat depressed level and exports will continue to meet strong competition.

Overseas, particularly in Africa and Europe, the outlook is brighter and it is anticipated that improved results will be maintained.

The first half pre-tax profit was struck after heavier interest of £6.41m against £4.14m—mainly due to the increased copper price and higher interest rates. After providing for a heavier tax charge net profit before metal account comes through lower at £8.08m against £9.06m, and earnings per share stated at 5.6p (6.3p).

Metal profits not included showed an advance from £0.28m to £4.76m, before tax of £0.52m (£0.01m). In accordance with normal practice no transfer is made to, or from, the metal price contingency until the year end. The reserve at December 30 1978 stood at £7.43m.

The current cost profit, before tax, is estimated at £10.9m (£8.4m).

The interim dividend is maintained at 1.82p per share—the total for 1978 was 5.6037p.

	First half 1979 £m.	1978 £m.
Sales	256.84	227.94
Trading profit†	17.48	14.78
Share of associates	3.08	2.28
Profit before interest	20.46	17.06
Interest	6.41	4.14
Profit before tax	14.05	12.92
Taxation	5.56	3.55
Net profit	8.49	9.37
Minorities	0.41	0.31
Net profit	8.08	9.06
Interim	2.60	2.60

† After depreciation £5.13m (£4.82m).

See Lex

Williams & James up to £0.48m

PROFITS BEFORE tax of Williams and James (Engineers), compressed air and vacuum hydraulic equipment manufacturer, increased from £351,510 to £478,270 in the first half of 1979, on sales of £3.95m, against £3.24m.

Tax took £26,005 compared with £54,755—SSAP 15 has been adopted and comparisons restated—leaving the net balance ahead at £452,265 (£296,755).

The net interim dividend is raised from 1.1055p to 1.155p and absorbs £20,790 (£19,899). Last year a total of 3.6745p was paid from record profits of £781,000 (£452,000).

Dowding and Mills tops £2m

WITH TURNOVER nearly 20 per cent better at £13.62m, pre-tax profits of Dowding and Mills, electrical and mechanical repair engineer, rose by over 17 per cent from £1.74m to a record £2.04m for the year ended June 30, 1979.

At halfway, when profits were up from £0.81m to £1.04m, the directors said that although they did not expect this momentum to continue into the second six months, they were confident that the full year's results would be ahead of the previous year.

A final dividend increased from 0.655p to 0.91p net takes the total payment up by 25 per cent from 1.2p to 1.5p per 5p share.

The directors say that pursuing their policy of capitalising reserves, they will be recommending to the annual meeting that the nominal value of the existing 5p shares be increased to 10p, doubling the company's issued share capital. The number of shares held by each shareholder will be unchanged.

Manders falls in first half

A FALL in the UK paint and printing ink section has left taxable profits of Manders (Holdings) at £1.3m for the first half of 1979 compared with £1.54m previously. Profit for 1978 was a record £3.44m.

Mr. G. Norman, the chairman, says the UK trading operations were all affected by the industrial action at the beginning of the year. While the group's plants worked normally, the level of demand was reduced.

"Export business was lost and the impact of this has not yet been overcome."

He adds, however, that profit levels, towards the end of the six months were running at the same level as last year.

First-half turnover expanded to £14.83m (£13.76m).

Pre-tax figure was split as to (£'000): UK paint and printing ink £899 (£1,190); overseas printing ink £117 (£109), and UK property £286 (£242).

The net interim dividend is increased to 1.2p (0.940p) per 25p share—last year's final was 2.41p.

Tax for the period, on the liability basis, takes £480,000 (£487,000), leaving a net profit down from £1.05m to £822,000.

Astbury & Madeley 25% ahead

TAXABLE PROFITS of Astbury and Madeley Holdings rose 25 per cent, from £420,000 to £525,000 in the first half of 1979, on turnover 27 per cent higher at £5.81m, against £4.57m.

The directors say second-half results have been encouraging so far, but they express concern about the effect of the engineers' dispute on suppliers and customers. For the whole of 1978, the taxable surplus reached a record £1.01m.

After tax for the half year of £273,000 (£225,000), earnings per share are shown to have risen from 4.84p to 5p. The net interim dividend is stepped up to 0.667p (0.5p)—last year's final was 1.5p. Last September there was a three-for-one scrip issue and consolidation of 5p shares into 25p shares.

Principal activity of the group is stockholding and distribution of a range of equipment used by industrial and central heating engineers.

Telefusion hit by increased depreciation and interest

HIGHER DEPRECIATION and interest charges have cut back taxable profits of Telefusion, radio and television group, from £2.07m to £1.73m for the year ended April 28, 1979.

Profits at halfway had risen from £910,000 to £1.18m and the directors anticipated that results for the full year would exceed those of 1977-78.

They now say that increased profit will come from rental in the current year. They add that the Trident reorganisation will be completed during the first six months with retail profit being achieved in the second period, which with the progressive elimination of manufacturing losses, will provide a sound base for much improved profits in the future.

	1978-79 £000	1977-78 £000
Turnover†	77,350	63,398
Retail	50,008	37,831
Rental	24,583	23,422
Manufacture	2,303	2,145
Other	456	—
Trading profit	12,624	12,129
Inv. income, interest & rent rec'd	207	208
Depreciation	7,727	7,247
Equip. leasing	1,995	1,949
Interest paid	1,249	903
Auditors & directors	196	107
Associate share	13	—
Profit before tax	1,778	2,069
Tax	288	851
UK	151	654
Overseas	131	197
Associates	7	—
Net profit	1,439	[illegible]
Extraord. credits	49	137
Available	1,488	1,355

† Excluding VAT.

After a much lower tax charge of £289,000 compared with £851,000 last time, and extraordinary credits of £49,000 (£137,000) the available balance came through higher at £1.49m against £1.36m.

From earnings per 5p share of 3.09p (2.61p) the final dividend is raised to 0.836351p (0.701805p) net making the year's total 1.501851p (1.306805p).

Turnover, excluding VAT, rose to £77.4m (£63.4m) which included £50m (£37.8m) from retail.

The directors state that group turnover, trading profit and cash flow, at £9.43m (£9.3m) were all records, notwithstanding considerable reorganisation expenses.

● comment

Disappointment is not new to shareholders in Telefusion. But there are reasons why profits slipped again last year. The winter's weather and industrial disputes hit distribution—though on balance the official retailing statistics do not paint a too unpleasant picture. Anyway retailing (Trident) made losses of £800,000 after £500,000 reorganisation costs (a further £1.1m has been capitalised). Rental profits continued firm, rising to £3.1m overall but manufacturing chipped in a £600,000 loss and the future of this loss maker must be under some hard scrutiny. Trident has been substantially reorganised over the past year in a move towards larger shops. It might break even in the first half though a question mark must hang over consumer expenditure later in the year. On the rental side Telefusion reckons its depreciation and leasing charges have topped out which could make a significant impact on pre-tax profits but nevertheless the market remains unimpressed and on a p/e of 11.7 (stated earnings) and yield of 5.9 per cent the "A" shares at 37p have little attraction.

Harris and Sheldon interim up

For the first half of 1979, profits of Harris and Sheldon Group have shown an improvement, from £1.37m to £1.49m. Turnover was nearly £2m ahead at £22.64m.

The interim dividend is effectively stepped up from 1.052p to 1.25p, from earnings of 1.81p, against 1.66p. Last year the dividend was equal to 2.213p from profits of £4.04m.

Net profit came out at £718,000 (£660,000), after tax £778,000 (£716,000).

Group activities cover luggage and travel goods, motor accessories, lifts, and seating.

U.S. Debenture ahead in first half

For the half-year ended July 31, 1979, gross revenue of the United States Debenture Corporation rose from £2.55m to £2.66m and net available revenue was higher at £1.57m against £1.45m.

The interim dividend is raised from 1.15p to 2p but the directors say the increase does not necessarily indicate that total dividends for the year will be greater than the 4.05p total paid in 1978-79.

Net asset value per share is shown as 114.4p against 126.4p.

BANK RETURN

	Wednesday Sept. 19 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	26,910,420	+ 2,572,671
Special Deposits	771,935,000	—
Bankers Deposits	496,921,705	+ 43,497,086
Reserves & other Accounts	678,691,601	— 78,266,003
	1,989,011,727	+ 124,135,760
ASSETS		
Government Securities	1,476,973,471	+ 115,900,000
Advances & Other Accounts	211,957,319	+ 5,308,483
Premises Equipment & Other Secs.	293,055,317	+ 23,043,475
Notes	5,788,886	— 21,109,086
Coin	230,854	— 7,112
	1,989,011,727	+ 124,135,760
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,425,000,000	— 50,000,000
In Circulation	9,419,217,114	— 28,890,914
In Banking Department	5,782,886	— 21,109,086
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,353,064,609	+ 129,063,641
Other Securities	1,060,920,291	— 179,063,641
	9,425,000,000	— 50,000,000

UK COMPANY NEWS

Stone-Platt profit dives after £1.1m PSL losses

DUE ENTIRELY to losses in the UK plants of Platt Saco Lowell, pre-tax profits of Stone-Platt Industries slumped from £4.31m to £0.74m for the first half of 1979.

The U.S. and Spanish plants of PSL traded satisfactorily, but as a result of the UK losses, the division incurred a deficit of £1.1m compared with a £2.3m profit.

The Board explains that these losses were caused by the unexpected further delay of a major export contract, by the worldwide recession in the textile machinery market, by some large unprofitable contracts and by the strengthening of sterling.

As a result profit margins have been under considerable pressure, and the machinery involved in the delayed contract is now being allocated to other markets. Management action has been taken to restore this division to profitability, but in view of the likely need to reduce capacity for textile machinery production in the UK, the Oldham plant of PSL is being transferred to the electrical division to provide facilities needed by that side.

Scragg traded satisfactorily and achieved a turnround from a £0.5m loss to a profit of £0.5m for the period. All other divisions traded profitably and their total contribution was at the same level as last time.

On future prospects, world markets for textile machinery and ships' propellers remain depressed and international competition is fierce. The strength of the pound with a higher rate of UK inflation has eroded the competitive position of UK manufacturing industry and has put margins under severe pressure, the Board states.

The present industrial disruption in the UK engineering industry will seriously affect second-half results, the Board adds, and the level of sales in the remainder of 1979 will largely depend on its duration and the time taken to recover both in group plant sand those of its suppliers.

Although there is a shortage both in group plants and those of orders for propellers in the Lancashire plants of PSL, the order books for other plant are satisfactory. Overseas activities are performing to plan and until the recent engineering dispute other UK plants were performing satisfactorily.

total was 4.05531p on £9.51m pre-tax profits.

Earnings before tax for the period are shown as 1.6p (10.4p) per 25p share, while there was a loss of 2.9p (5.5p earnings) after the same. To redress the imbalance between interim and final dividends—the 1978 interim amounted to 67 per cent of the total—the net interim payment is cut from 2.72531p to 1.4p per share.

The Board adds that provided the engineering dispute is not prolonged and the effect is not too damaging, it would hope to maintain the full year's dividend at the 1978 level—last year's net

Group sales for the first half increased from £88.99m to £103.13m. Interest charges were significantly larger at £2.22m (£1.41m) due to the need to finance higher levels of working capital and to service borrowings to finance new acquisitions, and because of higher interest rates.

Changes in exchange rates during the period reduced sales and pre-tax profits of overseas companies expressed in sterling by £2.7m and £0.3m respectively.

Exports from the UK totalled £44.3m, which represented 61 per cent of the output of UK plants. Unexecuted orders at June 30 were £138m compared with £179m at the end of 1978. The major export contract at PSL has been removed from the unexecuted order book and is the main cause of the reduction.

● comment

Stone-Platt shares have been very weak over the past seven days or so but the interim collapse was sufficient to slash the price by a further 14p yesterday to 55p. UK textile machinery losses of over £2m against a profit of around £1.1m are entirely responsible and difficulties imposed by a substantial fall in worldwide demand for spinning machinery have been compounded by the inordinate delay on the £30m order for Saudi Arabia. The group is reasonably confident that it can sell this contract piecemeal and the other divisions, both at home and abroad, look to be performing reasonably well. But the rating is effectively in limbo until the engineering dispute is settled and, if all the uncertainties facing the sector were not enough, Stone-Platt appears to have made a rod for its own back by reacting slowly to changing conditions in the textile machinery industry. Management action is said to have corrected this fault and it is expected that stocks can be reduced and poor margin orders can be worked through by the end of the third quarter.

Liverpool Post shows recovery

TAXABLE profits of the Liverpool Daily Post & Echo slipped 2.7 per cent from £1.94m to £1.89m in the first half of 1979, but this reflected a second quarter recovery from the effects of the lorry drivers' strike and the bad winter.

The directors say the disruption was particularly serious to the paper mills, but the UK newspapers were also hit and responded to firm advertising only in the second quarter. Canadian newspaper publishing performed markedly better and registered a profit improvement in sterling despite deterioration in the Canadian dollar.

Strong demand favoured the UK papermaking and packaging interests after the early weeks. The major investment to develop a large new packaging plant at Sandy, Beds., has been substantially completed as planned.

The anticipated initial losses have cut into the divisional profits severely this half. The plant's results will soon start to improve steadily, the directors add.

They expect the level of business for most of the group to be high in the second half, although some cost increases are inevitable.

Turnover for the half-year was well ahead at £30.15m, against £24.39m. After a substantially higher tax charge of £658,000 (£163,000)—of which £483,000 (£35,000) was in the UK—stated earnings were down from 15.8p to 10.9p.

The net interim dividend is stepped up from 3.012p to 3.462p—last year a total of 8.11p was paid from profits of £4.02m.

Ricafeg, the retailing subsidiary, was sold in June; poor results to the sale date are reflected in the results.

Liverpool Web Offset is to close later this year. The directors say losses continued virtually unabated in the first half and will continue until closure.

● comment

Against the backdrop of the road haulage strike and harsh winter weather, the Liverpool Daily Post and Echo group has turned in some reasonable figures. A strong showing from Canadian newspaper interests and improved advertising in UK newspapers appear to have mitigated some of the first-quarter problems. The group's streamlining plans (the recent sale of its retailing subsidiary, closure of its offset business and improvements in its packaging division) could be beneficial in the next couple of years. If the 15 per cent increase in the interim dividend is carried through to the final, a yield of more than 10 per cent is possible on a share price of 128p, up 3p yesterday. Some analysts are looking for a 1979 pre-tax profit of £4.3m, giving a fully taxed p/e of 6.8.

SHARES STAKES

S. and W. Berisford—Prudential Corporation Group of Companies now holds 4,464,157 shares —5 per cent.

Adwest—Racal Electronics has increased its holding to 1,446,320 shares (14.76 per cent).

Perry Motors £1m ahead and boosts dividend

A NEAR £1m profit increase and a substantially higher interim dividend are reported by Harold Perry Motors, the Ford main dealer. And the directors say that, with four months still to be added, the group had already comfortably overtaken last year's total pre-tax profit of £3.76m.

For the first half of 1979, the taxable surplus surged to £3.15m (£2.19m), on sales well ahead at £63.77m, against £49m.

The net interim dividend is hoisted to 3p (1.675p), and the directors intend to recommend a final of not less than 3.6p, compared with 2.01p last time.

After a significantly heavier tax charge of £1.26m, against £386,000, stated earnings per 25p share are shown as 21p (19.9p).

The directors say the remaining months of 1979 are unlikely to see vehicle sales volume at the levels experienced earlier in the year. But the group holds so many unfulfilled orders for most models in the Ford range that profit prospects in the last quarter are by no means depressing, they add.

The three major expansion projects are on schedule: the new truck specialist dealership in Essex has been in operation since August: the new vehicle and engine storage and preparation depot in Potters Bar will be ready in November; and the truck specialist dealership and body repair depot in Milton Keynes is due for completion next March.

The directors say any fears about the effect on group car leasing operations of the withdrawal by legislation of first-year tax allowances have been dispelled by the continuing strong and increasing demand by companies for which this method of financing car fleets remains attractive.

This tax change together with the greatly increased profits will mean that corporation tax payments for 1979 and subsequent years will absorb a greater part of these profits than in the recent past, they add.

● comment

Perry had primed the market for good results, so the 50 per cent first half increase—though impressive—did little to the share price. In line with other motor dealers, trading was buoyant but Perry's sales seem to have outpaced overall Ford car sales. Elsewhere in the group, profits were almost as strong. For the last few months of the year car sales are expected to be a little less euphoric as trading returns to a more seasonal pattern. However, the company has a sufficient head start to turn in around £5.5m pre-tax—a 46 per cent advance. At this level the shares, at 138p, are on a prospective p/e of 4.5—a rating which does not leave too much in store. The prospective yield of 7 per cent is not as good as the sector average.

Yelverton to reorganise

A capital re-organisation is proposed at Yelverton Investments. The 7.1m shares currently in issue will be reduced from 5p to 1p nominal value and then consolidated to produce 1,420,000 shares of 5p.

The purpose of this is to clean the balance sheet of debit balances and enable new shares to be issued at par, said Mr. Harold Nield, a director, yesterday. This was necessary before expansion plans could be carried out. Yelverton also announced yesterday a pre-tax loss of £27,358 (£290,786) for the year to October 31, 1978. The accounts were qualified on several grounds including uncertainty over loan provisions and the value of unlisted investments. The accounts have been similarly qualified in previous years.

John Swire down £1m

Though investment and interest income was up £0.7m at £1.8m, and its share of associates profits reached £8.7m, against £8.2m, taxable profit at John Swire and Sons dipped £1m to £13.5m for the first half of 1979.

Exceptional credits amounted to £1.3m (£1.4m) and interest payable was £1.3m (£1.2m).

After tax of £4.3m (£4.8m) and minorities attributable profit emerged lower at £9.1m (£9.7m).

The Association of Investment Trust Companies

INVESTMENT TRUSTS: net asset values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
152.5	Alliance Trust	Ordinary 25p	31/8/79	8.0	283.7	292.0	8.1
85.1	Anglo-American Securities Corpn.	Ordinary 25p	31/8/79	3.8	130.2	136.1	3.9
127.6	British Investment Trust	Ordinary 25p	31/8/79	5.70	192.0	196.4	5.4
27.7	Capital & National Trust	Ord. & "B" Ord. 25p	31/8/79	5.75	175.8	178.5	4.6
12.6	Claverhouse Investment Trust	Ordinary 50p	31/8/79	4.40	126.0	126.0	0.1
12.9	Crossfriars Trust	Ordinary 25p	31/8/79	4 17	129.4	129.4	—
16.4	Dundee & London Investment Trust	Ordinary 25p	31/8/79	2.6	90.6	92.2	1.6
‡102.1	Edinburgh Investment Trust	Ordinary 25p	31/8/79	1.95	78.2	81.6	1.6
43.2	First Scottish American Trust	Ordinary 25p	31/8/79	3.15	123.6	125.7	3.9
13.0	Grange Trust	Ordinary 25p	31/8/79	2.4	116.2	120.4	3.0
71.9	Great Northern Investment Trust	Ordinary 25p	31/8/79	4.5	140.6	143.2	2.5
60.4	Guardian Investment Trust	Ordinary 25p	31/8/79	3.15	111.2	115.9	2.2
31.5	Hume Holdings	"A" & "B" Ord. 25p	31/8/79	*5.7	94.4	97.7	0.4
81.2	Investors Capital Trust	Ordinary 25p	31/8/79	2.3	103.6	109.0	4.2
20.0	Jardine Japan Investment Trust	Ordinary 25p	31/8/79	1.0	131.0	131.0	10.5
35.6	London & Holyrood Trust	Ordinary 25p	31/8/79	4.20	158.9	162.6	4.7
25.5	London & Montrose Invest. Trust	Ordinary 25p	31/8/79	5.9	256.8	261.1	7.9
48.3	London & Provincial Trust	Ordinary 25p	31/8/79	3.95	149.9	152.5	4.7
116.0	Mercantile Investment Trust	Ordinary 25p	31/8/79	1.70	x59.1	63.3	1.0
	Do. Do.	Conv. Debs. 1983	31/8/79	£4.50	£89.50	£94.90	£1.50
28.6	North Atlantic Securities Corpn.	Ordinary 25p	31/8/79	3.07	121.0	124.1	3.7
51.2	Northern American Trust	Ordinary 25p	31/8/79	3.05	133.4	136.7	4.5
7.9	Save & Prosper Linked Invest. Trust	Capital Shares	31/8/79	—	166.3	166.3	—
131.1	Scottish Investment Trust	Ordinary 25p	31/8/79	3.0	133.6	137.6	3.3
62.2	Scottish Northern Investment Trust	Ordinary 25p	31/8/79	2.533	99.4	104.7	2.4
105.6	Scottish United Investors	Ordinary 25p	31/8/79	1.5	79.1	81.5	3.6
50.3	Second Alliance Trust	Ordinary 25p	31/8/79	7.2	242.5	250.4	7.0
3.8	Shires Investment Co.	Ordinary 50p	31/8/79	9.7336	152.3	152.3	—
42.4	Sterling Trust	Ordinary 25p	31/8/79	6.3	238.3	244.7	7.1
29.5	Technology Investment Trust	Ordinary 25p	31/8/79	3.10	147.1	148.3	4.4
76.7	United British Securities Trust	Ordinary 25p	31/8/79	5.1	171.1	172.5	4.5
22.3	United States & General Trust	Ordinary 25p	31/8/79	6.83	265.0	271.9	7.2
86.1	United States Debenture Corpn.	Ordinary 25p	31/8/79	4.05	117.9	122.3	3.6
	Do. Do.	Conv. Loan 1993	31/8/79	£5.00	£129.60	£134.50	£3.90
	Baillie Gifford & Co.						
‡115.7	Scottish Mortgage & Trust	Ordinary 25p	31/8/79	3.9	149.2	151.6	4.4
‡56.8	Monks Investment Trust	Ordinary 25p	31/8/79	1.85	69.1	69.7	2.0
‡15.2	Winterbottom Trust	Ordinary 25p	31/8/79	5.6	277.3	290.0	7.5
	Baring Bros. & Co. Ltd.						
43.1	Outwich Investment Trust	Ordinary 25p	13/9/79	1.9	76.3	80.0	1.8
22.7	Tribune Investment Trust	Ordinary 25p	28/8/79	1.8	87.1	87.2	3.2
	City Financial Administration Ltd.						
16.8	"Investing in Success" Equities	Ordinary 25p	14/8/79	3.35	223.6	226.7	6.2
	East of Scotland Invest. Managers						
46.0	Aberdeen Trust	Ordinary 25p	31/8/79	3.567	127.5	134.1	2.6
	Edinburgh Fund Managers Ltd.						
82.7	American Trust	Ord. & "B" Ord. 25p	31/8/79	*1.55	62.2	64.3	1.5
16.9	Crescent Japan Investment Trust	Ordinary 50p	31/8/79	1.3	181.7	181.7	11.2
13.9	General Scottish Trust	Ordinary 25p	31/8/79	4.0	122.0	124.4	2.4
	Do. Do.	Conv. Loan 1995/2000	31/8/79	£5.50	£154.90	£158.00	£3.00
8.8	Wemyss Investment Co.	Ordinary £1	31/8/79	12.5	381.6	381.6	8.9
	Electra Group Services Ltd.						
77.7	Electra Investment Trust	Ordinary 25p	31/8/79	5.8	152.3	153.3	2.6
289.3	Globe Investment Trust	Ordinary 25p	31/8/79	5.6	167.2	167.4	3.3
39.2	Temple Bar Investment Trust	Ordinary 25p	31/8/79	6.25	130.1	133.0	0.8
	F. & C. Group						
22.1	Alliance Investment Co.	Ordinary 25p	31/8/79	3.75	151.8	156.2	1.9
23.9	Cardinal Investment Co.	Deferred 25p	31/8/79	3.40	127.8	131.7	2.9
	Do. Do.	Conv. Loan 1985/87	31/8/79	£6.00	£138.00	£142.20	£3.10
†	F. & C. Eurotrust	Ordinary 25p	31/8/79	†	†	†	†
193.7	Foreign & Colonial Invest. Trust	Ordinary 25p	31/8/79	2.2625	116.3	120.5	3.0
30.9	General Investors & Trustees	Ordinary 25p	31/8/79	4.50	161.1	165.4	3.3
	James Finlay Inv. Management Ltd.						
1.8	Provincial Cities Trust	Ordinary 25p	31/8/79	1.78	37.6	37.6	—
	Gartmore Investment Ltd.						
7.2	Altifund Ltd.	Income 50p	31/8/79	10.0	102.3	102.3	—
	Do. Do.	Capital 50p	31/8/79	0.5	296.6	296.6	1.4
26.4	Anglo-Scottish Investment Trust	Ordinary 25p	31/8/79	1.9	65.6	68.0	1.3
29.4	English & Scottish Investors	Ord. & "B" Ord. 25p	31/8/79	*2.65	111.6	117.4	1.7
8.3	Group Investors	Ordinary 25p	31/8/79	2.2	97.7	101.1	2.2
5.6	London & Gartmore Invest. Trust	Ordinary 50p	31/8/79	0.75	96.9	101.6	2.6
11.0	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	31/8/79	*2.0	73.4	75.7	2.2
24.5	London & Lomond Invest. Trust	Ordinary 25p	31/8/79	2.8	109.6	112.4	1.9
11.5	London & Strathclyde Trust	Ordinary 25p	31/8/79	1.6	62.5	66.5	1.9
13.9	Meldrum Investment Trust	Ordinary 25p	31/8/79	2.1	69.0	69.0	0.1
	Gartmore Invest. (Scotland) Ltd.						
73.0	Scottish National Trust	Ordinary 25p	31/8/79	3.90	203.5	207.2	6.8
18.3	Glasgow Stockholders Trust	Ordinary 25p	31/8/79	2.85	145.5	149.4	5.3
	John Govett & Co. Ltd.						
55.7	Border & Southern Stckhldrs. Tst.	Ordinary 10p	31/8/79	1.7	83.1	84.6	2.5
12.8	General Stockholders Inv. Trust	Ordinary 12½p	31/8/79	2.3	156.4	167.6	6.7
‡16.1	Govett European Trust	Ordinary 25p	31/8/79	1.8	74.5	74.5	1.0
62.9	Lake View Investment Trust	Ordinary 25p	31/8/79	3.0	130.1	133.9	3.8
‡62.7	Stockholders Investment Trust	Ordinary 25p	31/8/79	2.35	131.7	136.4	4.3
	G.T. Management Ltd.						
‡21.3	Berry Trust	Ordinary 25p	31/8/79	1.0625	100.2	100.2	0.8
	Do. Do.	Conv. Loan 1993	31/8/79	£4.25	£145.30	£145.30	£0.80
‡21.9	G.T. Japan Investment Trust	Ordinary 25p	31/8/79	2.0	200.0	199.6	0.9
	Do. Do.	Conv. Loan 1987	31/8/79	£8.50	£124.00	£123.70	£0.50
8.8	Northern Securities Trust	Ordinary 25p	31/8/79	4.0	164.3	189.9	0.1
	Hambros Group						
‡26.1	Bishopsgate Trust	Ordinary 25p	31/8/79	6.95	290.7	300.6	5.3
5.0	City of Oxford Investment Trust	Ordinary 25p	31/8/79	3.85	111.1	114.5	—
51.5	Hambros Investment Trust	Ordinary 25p	31/8/79	4.1	154.3	164.5	4.4
6.7	Rosedimond Investment Trust	Cap. Shares 25p	31/8/79	—	139.0	139.0	0.3
	Henderson Administration Ltd.						
‡143.1	Witan Investment	Ord. & "B" Ord. 25p	31/8/79	2.65	126.7	131.7	4.1
22.0	Electric & General Investment	Ordinary 25p	31/8/79	§2.00	110.5	111.6	3.5
7.3	Greenfriar Investment	Ordinary 25p	31/8/79	1.65	138.5	138.5	3.8
‡6.9	Lowland Investment	Ordinary 25p	31/8/79	2.30	79.3	79.3	0.3
2.6	English National Investment	Prefd. Ord. 25p	31/8/79	2.02	37.6	38.6	—
	Do. Do.	Defd. Ord. 25p	31/8/79	3.18	75.2	79.2	—
	Philip Hill (Management) Ltd.						
21.8	City & International Trust	Ordinary 25p	31/8/79	†	141.1	146.0	2.0
12.0	General & Commercial Inv. Trust	Ordinary 25p	31/8/79	6.87	193.8	203.8	3.6
25.0	General Consolidated Inv. Trust	Ordinary 25p	31/8/79	4.25	120.3	123.1	1.6
128.6	Philip Hill Investment Trust	Ordinary 25p	31/8/79	4.57	127.0	128.9	1.2
6.0	Moorgate Investment Co.	Ordinary 25p	31/8/79	4.74	122.3	124.8	0.5
38.8	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/8/79	3.33	91.8	94.8	2.7

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION THREE-MONTHLY						
	Industrial & Commercial Fin. Corpn.						
12.3	London Atlantic Inv. Trust	Ordinary 25p	31/8/79	3.8	102.1	103.4	1.1
†	North-British Canadian Inv. Co.	Ordinary 25p	31/8/79	†	†	†	†
	Ivory & Sime Limited						
52.1	Atlantic Assets Trust	Ordinary 25p	31/8/79	1.00	168.4	175.2	8.6
110.1	British Assets Trust	Ordinary 25p	31/8/79	§3.10	95.5	100.7	4.4
38.7	Edinburgh American Assets Trust	Ordinary 25p	31/8/79	0.60	73.5	75.0	4.8
17.5	Viking Resources Trust	Ordinary 25p	31/8/79	1.32	158.4	168.4	6.3
	Keyser Ullmann Ltd.						
12.4	Throgmorton Secured Growth Tst.	£1 Capital Loan Stock	31/8/79	—	—	191.3	—
52.8	Throgmorton Trust	Ordinary 25p	31/8/79	4.875	115.8	117.7	—
	Kleinwort Benson Ltd.						
29.2	British American & General Trust	Ordinary 25p	31/8/79	‡2.067	56.3	57.4	1.1
24.3	Brunner Investment Trust	Ordinary 25p	31/8/79	4.00	145.8	148.5	3.3
33.8	Charter Trust & Agency	Ordinary 25p	31/8/79	2.45	78.0	80.1	1.8
43.3	English & New York Trust	Ordinary 25p	31/8/79	3.50	104.1	105.7	2.5
5.4	Family Investment Trust	Ordinary 25p	31/8/79	4.60	122.8	122.8	0.1
3.4	Jos Holdings	Ordinary 25p	31/8/79	2.70	69.8	69.8	0.5
7.2	London Prudential Invest. Trust	Ordinary 25p	31/8/79	3.45	115.5	118.2	2.1
52.6	Merchants Trust	Ordinary 25p	31/8/79	3.25	97.8	101.2	2.6
	Lazard Bros. & Co. Ltd.						
‡49.9	Raeburn Investment Trust	Ordinary 25p	31/8/79	4.05	168.5	175.0	5.0
‡38.9	Romney Trust	Ordinary 25p	31/8/79	3.00	123.8	126.3	4.4
	Martin Currie & Co., C.A.						
11.2	Canadian & Foreign Invest. Trust	Ordinary 25p	31/8/79	4.20	155.6	159.4	4.6
19.8	St. Andrew Trust	Ordinary 25p	31/8/79	4.90	158.4	163.3	4.5
97.8	Scottish Eastern Investment Trust	Ordinary 25p	31/8/79	§2.90	85.9	88.9	3.2
23.9	Scottish Ontario Invest. Co.	Ordinary 25p	31/8/79	2.40	83.9	85.3	3.0
55.9	Securities Trust of Scotland	Ordinary 25p	31/8/79	3.525	114.4	123.8	4.0
	Murray Johnstone Ltd.						
‡47.4	Caledonian Trust	Ord. & "B" Ord. 25p	31/8/79	*2.10	104.1	107.5	4.8
‡69.5	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/8/79	*1.90	97.3	100.1	4.4
‡17.1	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/8/79	*2.10	128.2	131.6	5.4
‡7.1	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	31/8/79	*1.95	106.1	106.1	4.2
‡77.9	Scottish Western Investment Co.	Ord. & "B" Ord. 25p	31/8/79	*1.70	81.4	84.8	3.6
‡26.2	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	31/8/79	*2.25	112.7	116.2	5.4
	Schroder Wagg Group						
22.1	Ashdown Investment Trust	Ordinary 25p	31/8/79	4.60	189.4	195.9	6.7
	Do. Do.	Conv. Loan 1988/93	31/8/79	£4.75	£132.60	£137.10	£4.70
6.9	Australian & International Trust	Ordinary 50p	31/8/79	3.35	115.3	115.3	7.0
29.9	Broadstone Investment Trust	Ordinary 20p	31/8/79	5.70	202.2	209.7	7.8
52.8	Continental & Industrial Trust	Ordinary 25p	31/8/79	7.20	282.1	292.1	6.7
30.0	Trans-Oceanic Trust	Ordinary 25p	31/8/79	5.50	235.6	241.4	9.6
‡13.7	Westpool Investment Trust	Ordinary 25p	31/8/79	3.80	143.8	146.3	5.3
	Do. Do.	Conv. Loan 1989/94	31/8/79	£5.00	£129.00	£131.60	£4.80
	Stewart Fund Managers Ltd.						
76.8	Scottish American Investment Co.	Ordinary 50p	31/8/79	3.25	121.4	123.5	2.8
9.8	Scottish European Investment Co.	Ordinary 25p	31/8/79	1.60	54.5	54.5	0.7
	Touche Remnant & Co.						
112.5	Atlas Electric & General Trust	Ordinary 25p	31/8/79	2.25	90.9	93.8	1.3
33.0	Bankers' Investment Trust	Ordinary 25p	31/8/79	2.87	78.1	82.9	1.4
32.9	Cedar Investment Trust	Ordinary 25p	31/8/79	2.75	93.4	95.9	1.6
45.9	City of London Brewery	Deferred 25p	31/8/79	3.26	88.6	92.8	0.3
30.8	Continental Union Trust	Ordinary 25p	31/8/79	4.25	164.0	170.0	3.2
16.5	C.L.R.P. Investment Trust	Ordinary 25p	31/8/79	2.1	99.8	104.0	1.7
192.4	Industrial & General Trust	Ordinary 25p	31/8/79	3.15	79.4	81.6	1.4
42.0	International Investment Trust	Ordinary 25p	31/8/79	2.94	106.9	112.4	1.5
36.0	Sphere Investment Trust	Ordinary 25p	31/8/79	4.0	166.7	171.3	3.4
71.5	Trustees Corporation	Ordinary 25p	31/8/79	6.0	217.5	223.2	2.8
39.1	Trust Union	Ordinary 25p	31/8/79	2.1	80.0	82.2	1.3
	Williams & Glyn's Bank Ltd.						
‡11.9	Sizewell European Invest. Trust	Ordinary 10p	31/8/79	1.80	100.6	100.6	0.9
2.7	Atlanta Baltimore & Chicago	Ordinary 10p	31/8/79	0.75	67.0	67.0	2.1
3.4	West Coast & Texas Regional	Ordinary 10p	31/8/79	1.10	84.0	84.0	2.9
12.8	Safeguard Industrial Investments	Ordinary 25p	29/6/79	4.0	111.9	113.8	—
	City Financial Administration Ltd.						
5.3	Acorn Securities	1p Cap. Ord.	31/8/79	—	117.4	117.4	2.0
24.0	General Funds Investment Trust	Ordinary 25p	30/8/79	5.45	258.4	260.3	1.1
	Do. Do.	Conv. Ord. 10p	30/8/79	—	227.4	229.0	1.0
	Drayton Montagu Portfolio Mngmt.						
85.6	Drayton Premier Investment	Ordinary 25p	31/8/79	7.40	240.9	250.7	5.4
	Do. Do.	Conv. Loan 1993	31/8/79	£7.50	£150.60	£167.10	£3.60
	Do. Do.	"A" Conv. Ln. 1993	31/8/79	£7.50	£161.20	£167.80	£3.60
73.7	Drayton Consolidated Trust	Ordinary 25p	31/8/79	5.20	181.7	194.4	3.8
	Do. Do.	Conv. Loan 1993	31/8/79	£7.50	£155.90	£162.00	£3.20
	Do. Do.	"A" Conv. Ln. 1994	31/8/79	£6.50	£156.90	£163.00	£3.20
	Do. Do.	"B" Conv. Ln. 1994	31/8/79	£6.50	£159.90	£166.10	£3.20
52.1	Drayton Commercial Investment	Ordinary 25p	31/8/79	5.0	173.9	179.0	3.3
	Do. Do.	Conv. Loan 1986	31/8/79	£6.25	£139.10	£143.20	£2.70
15.3	English & International Trust	Ordinary 25p	31/8/79	3.80	127.4	133.7	3.0
	Do. Do.	Conv. Loan 1986	31/8/79	£7.00	£164.40	£162.00	£3.70
8.7	Colonial Securities Trust	Deferred 25p	31/8/79	9.0	320.2	336.6	11.2
7.3	British Industries & Gen. Inv. Tst.	Deferred 25p	31/8/79	3.80	130.6	143.4	4.8
	Do. Do.	Conv. Loan 1994	31/8/79	£8.50	£159.50	£163.90	£5.50
6.6	Drayton Far Eastern Trust	Ordinary 25p	31/8/79	1.025	48.1	46.1	2.6
2.8	City & Foreign Investment Co.	Ordinary 25p	4/9/79	—	69.0	69.0	3.2
5.7	Montagu Boston Investment Trust	Ordinary 10p	4/9/79	0.875	57.2	57.2	1.4
	East of Scotland Invest. Managers						
11.4	Dominion & General Trust	Ordinary 25p	31/8/79	9.0	246.8	256.3	8.1
30.1	Pentland Investment Trust	Ordinary 25p	31/8/79	5.0	161.1	165.5	5.3

AMENDMENT TO TABLE PUBLISHED 17th August 1979

Valuation Monthly: East of Scotland Investment Managers, Aberdeen Trust
Col. 1 should read 43.6, Col. 6 should read 120.42, Col. 7 should read 126.87.
Schroder Wagg Group: Westpool Investment Trust Ordinary
Col. 7 should read 139.1 and Conv. Loan Col. 7 should read £125.20

* Applies to Ordinary/"A" Ordinary only. † Company will announce year-end or interim results shortly. ‡ Change in the prior charges since the previous published figure. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. x See note (h) below. Φ Not directly comparable with previous published figure. B Dependent on "B" share conversions.

(a) Cols. 1, 6, 7 Listed investments are valued at mid-market prices; unlisted at directors' valuation; both include 100 per cent of any investment currency premium after taking into account, where appropriate, the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x", as prior charges; warrants or subscription rights are treated as unexercised.

هكذا ابن الأجل

MINING NEWS

Selection Trust earns first half £6.2m

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Selection Trust international mining finance and industrial group reports a rise in first half 1979 net earnings to £6.2m, or 19.5p per share, from £5.4m in the first half of 1978. The previous year's total amounted to £11.4m, equal to 35.5p per share.

An interim dividend for the current year is declared of 9p and it is stated that the payment is designed to narrow the gap between the sizes of interim and final dividends. Because of the previous change in accounting date Selection Trust paid an exceptional two interims, each of 9p, plus a final of 10.844p for 1978.

The latest rise in operating profits is attributed principally to higher earnings from North Sea oil and the Amari metal and plastics stockholding group coupled with better prices for some base metals and first income from the drillship "Regional Endeavour." Revenue from the Australian Mount Newman iron ore project was reduced by a strike in the second quarter.

comment

At this stage earnings of Selection Trust are less dependent on base-metal prices than are those of Rio Tinto-Zinc which reported higher half-year profits on Wednesday but warned of the possibility of lower metal prices—notably copper—in the current half-year.

Selection Trust's immediate outlook appears to be better because of the onset of income from the Agnew nickel mine in Western Australia, possible sales of stockpiled nickel from the Spargoville mine, another useful contribution from North Sea Gas, perhaps a slightly better performance at Mount Newman and continued good income from the important 8.3 per cent holding in Amax.

In all, Selection Trust's second half earnings could show some improvement on those now reported and our earlier forecast of year's earnings of 42p-44p per share seems still to be a reasonable expectation.

At 540p to show a yield of 5½ per cent on last year's dividend Selection Trust shares are still worth picking up "on a dull day" for their long-term growth prospects in new mining operations that have yet to reach their production potential; the next to come fully on stream, with possibly an earlier first dividend payment than may be generally expected, could be the Unisel gold mine in South Africa (Selection Trust is a partner with Union Corporation here) which is expected to reach full production in November.

Sth. Australia seeking to enrich uranium

The newly-elected South Australian Liberal Government wants to see any uranium enrichment plant for Australia sited in its state, reports James Forth from Sydney. The S.A. Mines and Energy Minister, Mr. Goldsworthy, said yesterday that negotiations with the Federal Government had already started and that talks with an overseas uranium enrichment consortium would be held in November.

The federal government in January ordered a study of the feasibility of building an enrichment plant in Australia. Potential partners in the project were said to be the ritish-Dutch-West German consortium of Urenco and Japan and France.

The previous SA Labour government originally favoured an enrichment plant within the state, but subsequently switched to comply with federal labour policy calling for a moratorium on uranium mining and export until adequate safeguards were met. The new SA government has already indicated that it is in favour of uranium mining.

Mr. Goldsworthy said that advisers of the previous state Government prepared a report last year outlining the economic and employment benefits of uranium enrichment and locating a potential site near Redcliff, on Spencer Gulf.

According to Mr. Goldsworthy the report contained important financial and technical data which on his advice was being brought up to date and would be discussed in November with officials of the Urenco-Centec enrichment consortium.

He claimed the report favoured uranium enrichment in South Australia but was suppressed for political reasons by the former Government.

There has been talk of locating a possible enrichment plant in the Northern Territory while the Queensland and Western Australian Governments have also expressed interest. "We are negotiating with the Federal Government and hope we will win the race to establish the plant in South Australia," Mr. Goldsworthy said.

Tronoh boosts its pay-out

THE MALAYSIAN tin-producing Tronoh Mines is boosting its dividend distributions for 1979. A further interim is now declared of 80 sen (17.3p) following one of a similar amount which was announced in May this year. For 1978 there was only a single payment of 35 sen.

Thanks to the higher price of tin, which outweighed the effects on earnings of lower production, Tronoh's first half profits have risen to M$6.79m (£1.47m) compared with M$4.8m in the same period of last year. The latest dividend distribution will amount to M$4.95m.

Tronoh's tin concentrate production for the first eight months of the current year amounts to 1,437 tonnes compared with 1,621 tonnes in the same period of 1978. However, the company expects that the level of profit achieved in the first six months of 1979 will be maintained in the second half. The shares were 220p yesterday.

Leyland Paint recovering but may not match 1978

A STRONG recovery towards the end o fthe period was not sufficient to offset earlier losses at Leyland Paint and Wallpaper, and taxable profits for the six months ended June 30 1979 were halved at £582,000 compared with £1.15m previously.

Turnover in the first half went ahead from £15.08m to £17.11m.

Mr. P. W. A. Simmonds, chairman, says the encouraging upturn towards the end of the first half has been maintained, and although the directors anticipate a satisfactory second six months, the outcome for the year as a whole is unlikely to match that of the previous year—profits for 1978 were a record £2.55m (£1.73m).

	Six months 1979 £000	1978 £000
Turnover	17,114	15,077
UK	13,913	11,627
Overseas	3,201	3,450
Trading profit	782	1,318
Interest payable	200	188
Profit before tax	582	1,148
Tax	303	598
Extraord. credit	16	22
Making	285	572

† Profit, after tax, on disposal of property.

The chairman explains that export sales were affected for six weeks by the transport disruption. Home credit sales also suffered due to the prolonged winter which held back work on maintenance and new building programmes.

Rapidly increasing raw material costs, and the strength of sterling, "have tended to depress margins," he states.

He adds that the retail division traded satisfactorily, and has been increased by the acquisition of Beckwith and Webster, which has a chain of 13 shops.

Stated earnings per 25p share are 1.8p (3.5p). The interim dividend is effectively unchanged at 1p net and directors forecast a total for the year of not less than 3p—last year's total was equal to 3.03685p.

comment

The news from Leyland Paint and Wallpapers is bad, but it was not a great surprise to the market, which sent the share price 2p down to 52p yesterday. With a drop of nearly 50 per cent in pre-tax profits, this company has demonstrated that even the buoyant DIY market is vulnerable to common problems such as the transport strike, severe winter weather and a strong pound. The Blundell-Permoglaze group faced these same problems earlier this year, and was able to improve its first half profits, but it is not in the wallpaper field, which accounts for half of Leyland's turnover and where export problems were severe. The board is predicting lower earnings this year and some analysts suggest a drop to around £2m is in order. The board also promises a total dividend of not less than 3p, which would yield a prospective 8.4 per cent. The fully taxed p/e meanwhile, could stand at 8.5.

First half downturn at A. & C. Black

As a result of unusually difficult trading conditions, taxable profits of A. and C. Black, publishing concern, were down from £138,000 to £77,000 for the first six months of 1979, on marginally higher turnover of £1.21m against £1.17m.

Trading was adversely affected in the UK by the severe reduction in school and library budgets and in export markets by the rise in sterling.

The directors do not see much improvement in the pattern of trading of the publishing company during the second half, although the fishing book club is expected to make a small profit during the period.

After tax of £31,000 (£66,000), half-yearly net profits were reduced from £72,000 to £46,000.

The net interim dividend is lifted from 2p to 2.6p per 25p share—last year's total was 5.39p on £340,000 pre-tax profit.

George Blair

HIT BY the lorry drivers' strike and the bad winter in the second half, George Blair and Company incurred a loss of £15,000 in the year to March 31, 1979, compared with a profit of £956,000 previously. Turnover of the engineering and steelfounding group was higher at £10.3m, against £10.17m.

The loss was struck after severance payments of £123,000 (£15,000) and interest of £149,030 (£43,000).

Mr. I. L. Blair, chairman, now says that although the current year's results cannot be expected to show more than a modest profit, the objective is to continue to adjust the company to meet changing trading conditions.

Park Place up 57% to £0.68m

PRE-TAX profits of Park Place Investments rose by 57 per cent in the year ended June 30, 1979 from £430,000 to a record £675,000, and although the directors express some caution as to the likelihood of this rate of growth being maintained, they expect further progress in the current year.

And the dividend for the year is more than doubled to 2.8p (1.1167p) per 10p share with a 1.8p final. This compares with the 1.5p final forecast at the time of the one-for-nine rights issue.

Earnings are shown to have jumped by 66 per cent to 10.1p (6.1p) per share.

Profits after six months had risen to £229,000 against £140,000, and the directors were confident that the progress being made by all divisions of this training, publishing, etc., group would continue.

Turnover for the year improved to £2.91m (£2.04m). Pre-tax figure was struck after interest of £98,000 (£71,000) but was before tax of £167,000 (£140,000).

The available balance came through at £508,000 (£255,000), after an extraordinary debit last time of £35,000—of which dividends will absorb £157,000 (£53,000).

Croda International Half year progress report

by Sir Frederick Wood, Chairman

The early months in the year were severely affected by the haulage strike but a good second quarter helped to bring about an increase in both sales and trading profits for the six months. Exports from the UK were up in value by 17% over the same period in the previous year.

The proposed interim dividend of 1.5p per share is almost 40% more than the 1978 interim and a similar increase in the final dividend can be expected if the current level of activity continues.

Interim Unaudited Profit Statement for the Six Months ended 1 July 1979

	6 Mths to 1 July 1979 £000	6 Mths to 2 July 1978 £000	Year 1978 £000
External Sales	127,553	115,533	234,130
Trading Profit	9,068	8,301	16,270
Surplus on Disposal of Investments	—	774	774
	9,068	9,075	17,044
Net Interest Payable	1,436	969	1,927
Profit before Taxation	7,632	8,106	15,117
UK Taxation	1,184	2,587	2,409
Overseas Taxation	1,058	749	1,374
Profit after Taxation	5,390	4,770	11,334
Minority Interests and Preference Dividends	33	40	67
	5,357	4,730	11,267
Unrealised Exchange Gains (Losses)	(28)	10	(410)
Net Profit after Taxation available to Ordinary Shareholders	5,329	4,740	10,857
Amount absorbed by Ordinary Dividends	1,580	1,151	2,565
Profit Retained	3,749	3,589	8,292
Earnings per Share of 10p			
Basic	5.10p	4.52p	10.76p
Fully Diluted	4.80p	4.08p	9.67p
Ordinary Dividends —pence per share (net)			
Supplementary Interim 1977	—	0.018058p	0.018058p
Interim 1978	—	1.081942p	1.081942p
Final 1978	—	—	1.346346p
Announced 20 September 1979			
Interim 1979	1.5p	—	—

Notes:
1 The interim dividend for 1979 will be paid on 6 December 1979 to shareholders registered on 9 November 1979.
2 The results of Jordan Chemicals Limited, recently acquired, are not included.

Croda International Ltd
Cowick Hall Snaith
Goole North Humberside
DN14 9AA

20 September 1979

BIDS AND DEALS

AGB plans move into America

AGB Research, Britain's only quoted market research company, is planning to expand into North America through an acquisition to be announced shortly.

Mr. Bernard Audley, chairman, said details would be announced when negotiations were completed. The acquisition could be expected to contribute between £0.1m and £0.2m a year to group profits, he said.

In order to maintain the company's acquisition programme, he foresaw the need to raise some additional capital in the not too distant future.

For the year ended April 30, 1979 the company earned profits of £2.24m pre-tax—an increase of 63 per cent. The new publishing interests contributed £0.63m at the trading level. The dividend total is 4.4p (2.55p).

In his annual statement the chairman warns that the advertising and marketing industry will be affected by difficult economic conditions in the coming year.

But he says AGB is in a better position than most to bear cyclical downturns and he expects profits will once again show an increase.

Meeting, 76, Shoe Lane, EC4, October 15 noon.

AUDIOTRONIC ON LASKYS DEAL

Audiotronic Holdings has published details of the proposed sale of Laskys, its retail subsidiary, to Hardman Radio, a subsidiary of the Ladbroke Group. Audiotronic estimates the total cash value of the sale at £3.2m, and states that a loss of more than £500,000 from the retail business is expected in the six month period to August 31, 1979.

Shareholders are also told that the disposal of Laskys will "materially alter" the nature of the group. The future dividend policy of Audiotronic will be dependent upon the ongoing group's profits, according to the statement.

The company, which had sales in 1978 of £15.7m, has outstanding bank borrowings of £3.15m, of which £3.03m were secured as of last month.

Under the terms of the sale, Audiotronics will receive an estimated £0.2m surplus on the net book value of its assets which are subject to the agreement. Allowing for this, and the retail losses, the adjusted net tangible assets are put at £2.2m.

H. NORRINGTON

Henry Norrington and Son is selling the seed business of Parnell Lang and Co. to Blandford and Webb (Holdings) for around £200,000. Profits of Parnell have been about ten per cent of group profit. Proceeds will be used to reduce borrowings.

PARKER TIMBER

Shares of Parker Timber were suspended yesterday in the wake of the take-over approach by Harrisons and Crosfield. Morgan Grenfell and Company, advisers to Parker, confirmed that agreement was near.

It is thought that a proposal has been argreed with the board and now certain major family shareholders not on the board are being asked for their approval. A further announcement is promised "at the earliest opportunity."

Weeks Petroleum offshore deal

Weeks Petroleum has acquired an exploratory interest in the Northern Territory portion of the Timor Sea, offshore north-west Australia. Subject to Government approval, Weeks has a 20 per cent interest in the NT/P26 permit area which contains about 4.2m acres.

Other members of the operating group are Cities Service, Ampol, Noreen and Monarch.

The permit is located 250 km offshore from Australia and is adjacent to the NT/P2 permit in which Weeks also has an interest.

In the U.S., the company has bought federal leases through competitive bidding in the Santa Barbara Channel area offshore California and in offshore Texas waters.

The three California leases, totalling 16,560 acres, are on seismic prospects in the Santa Barbara producing trend. The Weeks interest is 5.56 per cent.

The two offshore Texas tracts of 5,750 acres each are next to the Galveston block A-131 field, in which Weeks also has an interest.

The company reports that the final seismic programme before drilling in block 7, offshore Japan and the Republic of Korea, will start in mid-October. The programme had been delayed for several months while negotiations were held with the Japanese fishing unions.

At an extraordinary general meeting of National Carbonising yesterday, shareholders unanimously approved the purchase of an additional 1m Weeks Petroleum shares.

SPILLERS-DALGETY

Both sides of the Spillers-Dalgety bid battle have been encouraged by soundings of their shareholders before the £70m share offer from Dalgety closes today.

From a sample comprising 600 of its shareholders, Spillers discovered that just under half had made up their minds about the offer and 86 per cent of these had decided to reject Dalgety's terms. Of the uncommitted responses, 81 per cent indicated that they would probably reject it and concluded that the proposed takeover would be bad for Spillers by a three-to-one majority.

The resolution to increase Dalgety's capital, subject to a vote at an extraordinary meeting on Monday, also appeared to be finding support. Despite veiled objections put forward on Tuesday by a Case Committee of the National Association of Pension Funds, the Merchant Navy Officers Pension Fund, the second largest pension fund investor in Dalgety, has given its blessing to the capital raising proposals necessary to go ahead with the bid.

REPORTS TO MEETINGS

35% sales increase for MFI

FOLLOWING distorted sales figures in June and July due to the VAT increase, business in August at MFI Furniture Group resumed its normal pattern and during the first quarter, budget figures for sales were achieved, which showed over a 35 per cent increase above the corresponding period last year. Mr. Arthur Southon, the chairman, told the annual meeting.

Despite some forecasts of a fall in spending in consumer durables, the chairman considered that group prospects remained good and he anticipated a significant improvement in profits during the current year.

He said it was the intention of the Board to raise the dividend at least in line with the group's increase in profitability. With a view to making provision for future growth, the group was negotiating to acquire about 30 acres of land. During the next 12 months, it was intended to build a new replacement distribution warehouse of around 600,000 sq ft, which would give cubic storage capacity of about 2½ times that at present.

The group's branch opening programme was progressing according to plan and five branches had been opened since the beginning of its financial year. The chairman anticipated that 75 branches would be open by the year-end, after the closure of two older and smaller units.

At other annual meetings, the chairman reported as follows:—

Gordon and Gotch Holdings—Sir Anthony Percival said the company was back on course after the disruptions of last winter. Profit before tax for the first five months of the current year had already passed £500,000 compared with £533,000 for the previous 12 months.

He was encouraged that the traditional magazine and book exporting business was once again contributing a quarter of the company's profits, despite the Canadian subsidiary being held to little more than break-even by the continued weakness of the Canadian dollar.

Magnet and Southerns—Mr. S. Oxford said profits for the first five months of the current year had shown an increase in excess of 25 per cent over the same period last year, while sales were 16 per cent higher. The figures had fulfilled the confidence expressed in his annual statement.

Unigate—Mr. John Clement reported that the milk, food and transport group continued to trade strongly and expressed optimism about the future and confidence in its ability to continue to make good progress.

The group was starting to reap the benefits of its capital spending programme, he stated. That, plus the restructuring of the business with the primary objective of putting the decision-taking processes closer to the market place, had increased the directors' ability to anticipate rapid market changes.

Croda lower despite good trading—interim up 40%

AFTER MEETING higher interest costs and without the benefit of the £774,000 surplus on sale of investments seen last time, first half 1979 taxable profit of Croda International fell from £8.11m to £7.63m.

The group was severely affected by the haulage strike in the early months but a good second quarter left the six months sales and trading profit higher.

Turnover for the half year by the chemical processor reached £127.55m (£115.53m) with the UK export content up 17 per cent. Interest costs rose from £969,000 to £1.44m.

A lower tax charge of £2.24m (£3.34m) left stated earnings per 10p showing a rise to 5.1p (4.52p). The net interim dividend is stepped up almost 40 per cent to 1.5p (1.081942p) and a similar increase in the final is expected providing the current level of activity continues. Last time a 2.428288p total was paid from profit of £14.34m.

Attributable surplus for the half-year emerged at £5.33m (£4.74m).

● comment

The haulage strike at the start of the year cost Croda International over £1m, sterling another £0.2m, and last year's profits were inflated by a £0.8m on the sale of investments, so a £0.5m drop in the group's interim pre-tax profits is reasonable enough. In addition, the dividend has been raised by around 40 per cent and Croda feels that it should be roughly twice covered on an inflation accounting basis. In common with other chemical companies Croda is anticipating a downturn in demand as the world recession bites but has seen little evidence yet. This year pre-tax profits should top £15m (against £14.3m after excluding the share profits) and a yield of 8.7 per cent at 55½p is a reasonable enough support given the uncertainties ahead. The deferred shares stand at 29p — 6p above their all-time low.

Davenport Knitwear increases

PRE-TAX profits of Davenport Knitwear, manufacturer of knitted garments, rose from £267,000 to £344,000 in the first half of 1979. For the whole of last year, the surplus reached a record £700,297.

Half-yearly profit was struck after interest received up from £31,000 to £63,000 and increased depreciation of £45,000 (£29,000).

After tax of £179,000, against £139,000, the net surplus came through higher at £165,000 compared with £128,000.

Hestair upturn —set to recover

BACK IN the black with a £55,000 pre-tax profit for the first half of 1979/80, Hestair says it has stabilised its situation, completed reorganisation and prepared the platform for recovery.

Last year a lower surplus of £423,000 for the first six months was followed by a £764,000 second half loss.

Mr. David Hargreaves, the chairman, now says: "We are satisfied that there is a good profit potential in all our business and in the long term, therefore, our confidence is undiminished."

The interim dividend is being passed but, he says it is the Board's present intention to pay a final. For 1978/79 a total of 3.5p net was distributed, including a 2.3584p interim.

A steady improvement is anticipated overall for the second half of the current year with strong performance from SOS Bureau and profits from consumer products. Some recovery is seen in farm equipment but the turnround at Hestair Eagle is taking longer to complete and it will be the middle of 1980 before these two companies produce adequate profits, Mr. Hargreaves says.

There was no tax charge this time, compared with £212,000, leaving stated earnings 25p share at 0.3p (1.3p) for the half year ended July 31, 1979.

After an extraordinary loss of £204,000 (£325,000) and interim costing nil (£431,000) there was a deficit of £149,000 (£553,000).

Cash is well under control and borrowings are contained well within available facilities. Liquidity is being further improved by sale of surplus property, contracts have been exchanged for £1.8m, and further sales are due before year-end, the chairman states.

Mr. Hargreaves explains that the group's return to profits came in the second quarter. SOS Bureau increased profit substantially and consumer products were profitable. The special vehicles division, however, was hit by the collapse of its main export markets, new product introductions and final closure costs of its Leeds factory.

● comment

Yesterday's (albeit minimal) pre-tax profit from Hestair suggests that the group is beginning to recover from the hammering it suffered at the end of last year. The process is a painful one, involving substantial asset sales designed to bring gearing down to about 45 per cent by the year-end; the exploration of new markets to compensate for the collapse of Middle-East orders; and dependence on the employment bureau and consumer products to make up for losses in agricultural equipment and special vehicles, the previous star performers. These trading losses amounted to £700,000 in the first half. Bringing the different divisions back into balance may be a long haul but the market accepted today's results and the omission of an interim dividend stoically, with the share price holding unchanged at 34p. The price is already less than half its high point of the year and if Hestair declares attributable earnings and a dividend for the year, which it could, there may be room for some re-rating.

BOARD MEETINGS

The following companies have notified dates of board meeting to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Bridgewater Estates, E.C. Cases, Hall Engineering, Thomas Jourdan, Laporte Industries, Liberty, G. W. Sparrow, Thomson Organisation, Ward White, Winn Industries.

Finals:—Adwest, Goodman Brothers and Stockman, Thomas Walker.

FUTURE DATES

Interims:—	
Alpine Holdings	Sep. 28
Assoc. Book Publishers	Sep. 27
Bontalls	Sep. 27
Jersey Gen. Investment Trust	Oct. 17
Samuel (H.)	Sep. 26
Wilkinson Warburton	Sep. 27
Wills (George)	Sep. 26
Finals:—	
Raine Engineering	Oct. 3

Brown Boveri Kent slips as sales growth slows

RECESSION IN the main industries it serves, the strengthening of sterling and higher interest rates undermined performance at Brown Boveri Kent (Holdings) for the first half of 1979. Growth in sales was slowed to £878,000 and taxable profit slid by £500,000 to £3.06m.

Though trading prospects continue to be a cause of concern the overall backlog of orders could permit turnover in the rest of the current year to be at a significantly higher level, says Mr. J. G. Vaughan, the chairman.

However, the dispute in the engineering industry is bound to have an adverse effect, he adds.

The sole asset—apart from a small cash balance—of the group, which is itself a subsidiary of BBC Brown Boveri and Co., is its investment in George Kent where attributable profit for the period was £2.25m (£2.37m).

Brown Boveri's sales for the half year were £40.72m (£39.84m) and profit was struck after depreciation up from £882,000 to £1.03m and interest of £823,000, compared with £594,000.

Tax, with SSAP 15 on deferred tax applied took £878,000 (£1.08m) leaving stated earnings per 25p share down at 3.79p (4.44p). The net interim dividend is held at 1p. Last time a total of 2.2p was paid from record profit of £7.44m.

The results are shown before an exchange deficit of £1.02m (£476,000 surplus) on consolidation of overseas assets and liabilities.

Mr. Vaughan says that at a comparable exchange rate turnover would have been 6 per cent higher and profits would have been more materially improved.

A national dispute in the engineering industry in Italy hit the performance of the company's subsidiary there.

● comment

If the National Enterprise Board sells its 20 per cent stake in Brown Boveri Kent later this year, the timing will probably be unfortunate. Yesterday's announcement of a 14 per cent drop in pre-tax profits left the share price 2p down at 41p. This values the NEB stake at £4.45m—compared with £8.14m at this year's peak. The situation shows little sign of improving. The recession in the steel, and petrochemicals industries is still making orders hard to find, while the difficulties of a strong pound are being compounded by the engineering strike. Higher sales in the second half may, however, lift pre-tax profits to around £6.5m for the year, which would give a fully taxed p/e of 7.7. A maintained final dividend would produce a yield of almost 8 per cent, which is some consolation.

Antony Gibbs sees lower result

First half results of Antony Gibbs Holdings have been better than the same period last year but various factors have combined to indicate a worse result for 1979, the directors report.

The dividend is maintained at 0.715p but this should not be taken as an indication of any particular level of the final dividend. The final last year amounted to 1.48115p.

The group activities include banking and manufacture of timber products.

Christie-Tyler expects expansion at mid year

HOPEFUL OF a first half advance for 1979-80, Mr. George Williams, chairman of Christie-Tyler, says that for the longer term he expects the furniture group to secure an increasing share of available trade.

The new trading year started with some of the problems that remained as the aftermath of the industrial upsets and the bad weather of the early months of 1979, he says.

More recently, the increase in the rate of VAT initially boosted sales — as consumers bought to beat the increase — but subsequently sales have fallen back, although the company's order books are currently higher in volume than at this time last year.

Many of Christie-Tyler's materials are oil-based and it will be a year of much sharper cost increases than seen in 1978-1979, he says.

Sales for the year to April 30, 1979, showed a 44 per cent rise by value to £69m and a 26 per cent growth in volume. As reported July 12 with nearly all group companies showing improvement taxable profit expanded to a record £4.22m (£1.81m).

On a current cost basis along the lines of ED 24, this total is cut to £3.57m (£1.43m) by £225,000 (£58,000) extra costs of sales £325,000 (£300,000) additional depreciation, and a £200,000 (£90,000) monetary working capital adjustment less a £100,000 (£65,000) gearing adjustment.

Cash at year end stood at £1.53m (£0.81m) and total borrowings had climbed to £1.41m (£0.41m).

The net total dividend is stepped up to 6.5p (4.7967p). An increase in authorised share capital of £800,000 to £1m is proposed.

8% shortfall at Garton Engrg.

Against a difficult trading background, Garton Engineering reports an 8 per cent reduction in pre-tax profits from £467,000 to £430,000 for the six months ended June 30, 1979, on higher turnover of £8.59m against £6.03m.

During the period, interest charges increased substantially, severe disruption occurred in the earlier months due to the road haulage strike, and bad weather affected the company's deliveries and customers' requirements.

Mr. A. E. Garton, the chairman, reports that prospects should have been improved because of the reduction in manufacturing capacity in the home-based bolt trade, which took place last year and which is still continuing.

He adds that should the national engineering dispute be resolved quickly, followed by normal working in manufacturing industry, then he would be more optimistic with regard to second-half results.

In the previous full year, profits slipped from £1.05m to £949,000.

The net interim dividend is stepped up from 3p to 3.15p per 10p share, with an additional 0.15p to be paid in respect of 1978 on ACT reduction — last year's total was 6.365p.

Half-yearly loan stock interest was down from £27,000 to £12,000. Tax took £234,000 (£243,000) and after an extraordinary debit of £8,000 (£20,000 credit), the available surplus decreased from £244,000 to £198,000. Interim dividend absorbs £114,000 (£107,000).

The group manufactures and distributes precision engineering components and fasteners.

Leadenhall Sterling near £0.5m midway

An increase in taxable profits from £404,000 to £492,000 for the first half of 1979 is reported by Leadenhall Sterling, the British and Commonwealth Shipping group subsidiary which makes forklift trucks and medical equipment.

The directors expect full-year results to show an advance on last time, when the pre-tax surplus reached £836,000.

The net interim dividend is effectively raised from 0.8924p to 1.25p. The directors intend to pay a final of 1.875p—last year's final was equivalent to 1.6784p.

Turnover for the half year was up from £4.35m to £5.16m. After tax of £256,000 (£171,000), earnings per 25p share are given as 5.3p (5.2p).

The group bought T. H. Dixon and Co. for £827,076 cash in July.

HAMPTON AREAS BUYS MORE GEEVOR SHARES

Shares in the Cornish tin producer Geevor rose 5p more to 145p yesterday, a two-day gain of 17p, following news that two large shareholders in the company, Hampton Gold Mining Areas and South Africa's Union Corporation had increased their respective holdings.

Hampton Areas has increased its holding to 14.34 per cent from just under 5 per cent by the purchase of a further 280,000 Geevor shares, while Union Corporation's stake has been raised to 17.16 per cent by the acquisition of 20,240 shares.

Yesterday both Hampton Areas and Union Corporation told the Financial Times that the share purchases were simply additions to their respective investment portfolios.

Hampton Areas said that although the short-term outlook for tin, and indeed base metals in general, is somewhat uncertain it views the longer-term prospects with confidence.

Record income for Azcon

RECORD sales and operating income for the year to June 30 are announced by the Consolidated Gold Fields group's wholly-owned Azcon. Sales have climbed to U.S.$462m (£214m) from $384m while operating income is up to $30m from $16.8m in 1977-78.

As a result, net income comes out at $11.8m against $5.5m. Azcon is one of the largest independent steel distributors in the U.S. and has diversified steel distribution and manufacturing operations which include a mini steel mill.

RESULTS AND ACCOUNTS IN BRIEF

EXPLORATION COMPANY—Profits for six months ended June 30, 1979 £237,316 (£274,911), before tax £109,571 (£128,420). Group assets, taking investments at market value, £7.33m (£6.42m at year-end). Interim dividend 0.7p (0.5525p) net—no further payment will be recommended.

JARDINE JAPAN INVESTMENT TRUST—For first half 1979 gross revenue £538,717 (£400,458). Pre-tax revenue £312,620 (£210,829). Tax £162,582 (£107,126). Net asset value 130.6p (217.3p) including 100 per cent investment currency premium of 10.4p (66.1p).

STERLING TRUST—Special interim dividend 1p per share payable October 30, 1979, to holders on register September 28, 1979, following payment of arrears of dividend from Shell, BP, and Unilever.

DIPLOMA (electronic component distributor, special steel stockholding, etc.)—Results for June 30, 1979, year already known. On C.C.A. basis, pre-tax profits £5.49m (£4.24m) compared with historical £6.06m (£4.62m). Group fixed assets £5.62m (£4.99m), net current assets £11.79m (£10.33m). Shareholders' funds £12.81m (£10.44m). Chairman says that despite pessimistic view taken of general trading conditions, Board considers company's prospects remain good. Meeting, Great Eastern Hotel, EC, October 12, noon.

RAYBECK (fashion retailer and manufacturer)—Results for year ended April 28, 1979, already reported. Fixed assets, £25.41m (£14.26m). Net current assets, £5.05m (£5.07m). Chairman says acquisition of Bourne and Hollingsworth has strengthened group's net asset value and now is 97p (45p in 1978), both figures incorporating professional property valuations not included in balance sheet. Meeting, Savoy Hotel, WC, October 22 at noon.

REUNION PROPERTIES—Gross rental income six months to June 30, 1979, £1,181,000 (£1,147,000) including associated companies £399,000 (£326,000). Pre-tax profit £1,094,000 (£854,000). Tax £567,000 (£442,000).

ELECTRIC AND GENERAL INVESTMENT—Net income for three months to August 31, 1979, £110,155 (£89,145), after all charges including tax of £54,295 (£49,336). Earnings per share 0.61p (0.49p).

GLASGOW STOCKHOLDERS TRUST—Following special deferred dividend from Shell Transport and Trading on October 1, 1979, special dividend of 0.4413p per ordinary stock unit of 25p to absorb total dividend receivable of £43,931. Dividend will be paid on October 19, 1979.

HAMPSON INDUSTRIES (engineering, industrial cleaning)—Results for year to March 31, 1979, reported July 31. Group fixed assets £1.51m (£1.38m), net current assets £1.22m (£1.02m). Bank overdraft increased by £1.12m (£0.36m decrease). Chairman says overdraft is seasonal and at time of his writing has been cut by some £1m. He says sales and profit are satisfactory for first quarter and hopes progress will continue. But engineers' strike now affecting factories. Meeting, Birmingham, November 7 at noon.

ASSAM TRADING (HOLDINGS)—Results for March 31, 1979 year reported August 29. Associate £2.03m (£1.85m), net current liabilities £58,895 (£20,992 assets). Bank overdraft £302,754 (£29,052). Meeting, Victoria House, WC, October 9, noon.

WHITWORTH ELECTRIC (HOLDINGS)—Following are amended figures because of reduction in tax charge. Turnover for year to March 31, 1979, £10.58m. Pre-tax profit £406,347. Tax £70,276. Profit on sale of premises £450. Transfer to repairs reserve £20,000. Forward £1.54m (£1.27m). Earnings per share after adjusting for permanent inventory tax relief 8.47p and before adjusting for permanent inventory tax relief 4.82p.

WHOLESALE FITTINGS COMPANY—Results for year to April 27, 1979 already reported. Fixed assets £760,729 (£657,671). Net current assets £5.45m (£4.43m). Meeting, Great Eastern Hotel, EC, October 17 at noon.

HIGHCROFT INVESTMENT TRUST (financial)—Interim dividend 1p (0.9p). Net profit, six months to June 30, 1979, £36,410 (£35,377) after tax £30,500 (£33,500). Earnings per 25p share (1.3p).

COPYDEX (maker of adhesives, household products and security devices)—Interim dividend 1p (0.75p). Profit half year to June 30, 1979, £119,000 (£112,000), before tax £62,000 (£58,000).

BLOCKLEYS (facing bricks maker)—Interim dividend 1.5p (1.1587p). Turnover, half year to June 30, 1979, £1,134,500 (£987,400). Profit £94,500 (£100,000) before tax £49,600 (£52,600). Earnings 2.85p (3.02p) per 20p share.

G.T. JAPAN INVESTMENT TRUST—Final 5p making 7p (2p) year to June 30, 1979. Total income £1,813,000 (£969,527). Pre-tax profit £756,435 (£202,412). Tax £383,843 (£99,791). Earnings per share undiluted 7.25p (2.05p) and diluted 7.12p (2.83p). Net asset value per share 135p (214p) assuming full conversion of loan stock.

EXPLORATION COMPANY—For the six months ended June 30, 1979, profits £237,316 (£274,901) before tax £109,571 (£128,420). Interim dividend 0.7p (0.5525p) net—no further dividend for this year will be recommended. Group assets, taking investments at market value, £7.33m (£6.42m at year-end).

KWAHU COMPANY (finance)—Dividend 1.84p (same) per 10p share year to June 30, 1979. Pre-tax profit £107,834 (£118,077). Tax £40,531 (£39,025). Earnings per share 1.8p (2.1p).

HAMILBORNE—Turnover half year to June 30, 1979, £309,136 (£316,257). Pre-tax profit £3,82 (£10,412). No tax (£5,400). Interim dividend 0.5p (same), per 12½p share. Earnings per share 0.1p (0.16p). Disappointing results from subsidiary, Hammill Brick Eastry, which suffered bad start due to severe weather, largely contributed to reduced profit. Subject to maintenance of profitability in second half, an increase in final dividend will be considered.

AMALGAMATED ESTATES (formerly Amalgamated Stores)—Results for year to March 31, 1979, already known. Properties £8.47m (£2.65m) including directors' valuation at March 31. Meeting, 42 Portman Square, W., October [illegible]

CURRENCIES, MONEY and GOLD

$ very weak

The dollar fell sharply to its lowest level against the D-mark since immediately before last November's dollar support package in active foreign exchange trading yesterday. Market sources mentioned disappointment that the Federal Reserve did not tighten interest rates more sharply on Wednesday, and there was also an absence of significant intervention by the German Bundesbank and Swiss National Bank in the face of heavy selling pressure on the dollar. The U.S. currency fell to a low point of DM 1.7660 against the D-mark, and finished at DM 1.7690, compared with DM 1.8055 previously. In terms of the Swiss franc, the dollar fell to a weakest point of SwFr 1.5770, and closed at SwFr 1.5812½, compared with SwFr 1.6220 on Wednesday.

On Bank of England figures, the dollar's trade-weighted depreciation fell to 84.0 from 85.0, while sterling's index eased to 68.1 from 68.2, after standing at 67.8 at noon and in the morning.

The pound opened at $2.1460-$2.1470, and fell sharply to $2.1325-2.1335, reflecting the pessimistic view taken of the British economy in the Bank of England quarterly bulletin. Short covering in a thin market helped sterling recover however, and it was also assisted by rumours of a possible rise in Minimum Lending Rate. This proved incorrect, and after the pound rose to a best level of $2.1690-2.1700, it declined once more to around $2.1450, but improved at the close to $2.1605-$2.1615, a rise of 1½ cents on the day.

FRANKFURT—The dollar fell sharply to DM 1.7745 against the D-mark from DM 1.8066 at the fixing, the lowest point since last November 1, when the U.S. currency was fixed at DM 1.7735 before President Carter's dollar support package. The Bundesbank bought $15.5m at yesterday's fixing, and may have intervened in a small way at the DM1.7730 level during the morning. There was no sign of heavy support by European central banks however, with market talk of a new crisis of confidence for the U.S. currency. The record low fixing level for the dollar was DM 1.7285 on October 30. With the gold price climbing to further all time highs it was suggested that the recent strength of bullion was an early warning of dollar weakness.

MILAN—The dollar touched its lowest level for 11 months against the lira at the fixing. The U.S. currency fell to L806.05 from L813.20 on Wednesday, losing ground for the fourth consecutive day. Despite the selling pressure there was no support for the dollar by the Bank of Italy. Members of the European Monetary System were firm, with the D-mark rising to L454.42 from L450.07, and the Dutch guilder to L412.45 from L409.19. The Swiss franc was also strong, but sterling declined with the dollar to L1,737 from L1,743.40.

OSLO—The dollar fell to NKr 4.9485 against the Krone from NKr 5.0080 on Wednesday. This was the first time that the U.S. currency had been under NKr 5 since early January. On January 2 the U.S. currency stood at NKr 4.9760 and at NKr 4.8020 on November 1 before the dollar support package.

TOKYO — The dollar fell to Y222.35 against the Japanese yen from Y223.67½ in hectic trading yesterday. The U.S. currency opened at Y223 and fell to a low point of Y221.80, before edging up on buying from trading houses and commercial corporations settling import bills.

THE POUND SPOT AND FORWARD

Sept. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1325-2.1700	2.1605-2.1615	0.35-0.25c pm	1.67	0.88-0.78 pm	1.53
Canada	2.4960-2.5290	2.5225-2.5235	0.65-0.55c pm	2.85	1.80-1.78 pm	2.77
Nethlnd.	4.17-4.25	4.20-4.21	1½-¾c pm	3.57	4⅞-3⅞ pm	4.16
Belgium	60.75-61.75	61.25-61.35	10c pm-par	0.98	25-15 pm	1.31
Denmark	10.91-11.07	11.00¾-11.01¾	14½-17½ore dis	−17.43	24-27 dis	−9.26
Ireland	1.0120-1.0235	1.0215-1.0225	24-34p dis	−3.41	69-79 dis	−2.90
W. Ger.	3.78-3.85	3.82-3.83	2⅞-1⅞pf pm	7.45	7½-6½ pm	7.32
Portugal	105.50-107.50	106.15-106.45	30-90c dis	−6.21	130-230 dis	−6.77
Spain	140.85-143.00	142.60-142.70	65-115c dis	−7.57	255-355 dis	−8.59
Italy	1,717-1,745	1,740½-1,741½	¾ lire pm-1¾ dis	−0.52	3-5 dis	−0.52
Norway	10.51-10.70	10.65-10.66	3-1ore pm	2.25	6½-4½ pm	2.06
France	8.89-9.04	9.00¾-9.01¾	1½-¾c pm	1.67	3½-2½ pm	1.39
Sweden	8.93-9.07	9.01-9.02	3½-1½ore pm	3.00	5-3 pm	1.77
Japan	472-482	475½-476½	3.00-2.65y pm	7.12	8.55-8.20 pm	7.04
Austria	27.25-27.75	27.50-27.55	20-10gro pm	6.54	45-35 pm	5.81
Switz.	3.38-3.46	3.41¾-3.42¾	4-3c pm	12.29	11-10 pm	12.29

Belgian rate is for convertible francs. Financial franc 53.80-53.90c pm. Six-month forward dollar 1.66-1.61c pm. 12-month 3.30-3.20c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1325-2.1700	2.1605-2.1615	0.35-0.25c pm	1.67	0.88-0.78 pm	1.61
Ireland†	2.1120-2.1170	2.1130-2.1160	1-0.80c pm	5.11	2.40-2.25 pm	4.40
Canada	1.1655-1.1690	1.1683-1.1686	0.09-0.06c pm	0.77	0.31-0.27 pm	0.99
Nethlnd.	1.9520-1.9710	1.9526-1.9545	0.42-0.32c pm	2.27	1.37-1.27 pm	2.70
Belgium	28.40-28.55	28.42-28.45	1-3c dis	−0.84	1½-4 dis	−0.39
Denmark	5.0940-5.1105	5.0950-5.0965	7.50-8ore dis	−18.25	13-13.50dis	−10.40
W. Ger.	1.7660-1.7790	1.7665-1.7690	0.82-0.72pf pm	5.23	2.57-2.47 pm	5.70
Portugal	49.15-49.30	49.18-49.28	25-40c dis	−7.90	80-135 dis	−9.34
Spain	66.00-66.06	66.02-66.04	38-55c dis	−8.18	110-130 dis	−7.27
Italy	805.75-807.00	806.50-807.00	1.10-1.60 lire dis	−2.01	4.50-5.25dis	−2.42
Norway	4.9330-4.9420	4.9400-4.9410	0.40ore pm-par	0.48	0.80-0.40 pm	0.48
France	4.1610-4.1720	4.1625-4.1650	0.04-0.10c dis	−0.72	0.20-0.28dis	−0.23
Sweden	4.1740-4.1910	4.1745-4.1755	0.35-0.15ore pm	0.72	0.30-0.10 pm	0.19
Japan	220.00-221.80	220.00-220.20	1.00-0.85y pm	5.04	3.05-2.90 pm	5.41
Austria	12.70-12.81	12.72½-12.73½	4.40-3.90gro pm	3.91	13.50-12 pm	4.01
Switz.	1.5780-1.5910	1.5785-1.5805	1.44-1.39c pm	10.75	4.40-4.35 pm	11.08

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Sept. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.605206	0.647095
U.S. $	10½	1.29819	1.38672
Canadian $	12¼	1.51252	1.61567
Austria Sch	3¾	16.8985	18.0482
Belgian F	9	37.6313	40.1906
Danish K	11	6.75383	7.20401
D Mark	5	2.34531	2.50594
Guilder	6	2.58016	2.75541
French Fr.	9½	5.48291	5.85351
Lira	10½	1055.75	1127.75
Yen	6¼	290.535	309.932
Nrwgn. K.	7	6.48706	6.92526
Spanish Pes.	8	85.7052	91.6137
Swedish Kr.	7	5.47252	5.84225
Swiss Fr.	1	2.10891	2.25273

CURRENCY MOVEMENTS

Sept. 20	Bank of England Index	Morgan Guaranty changes %
Sterling	68.1	−37.5
U.S. dollar	84.0	−9.0
Canadian dollar	80.5	−17.1
Austrian schilling	153.6	+22.0
Belgian franc	115.5	+15.0
Danish kroner	116.7	+4.9
Deutsche mark	155.2	+44.4
Swiss franc	204.7	+85.4
Guilder	125.0	+20.0
French franc	99.9	−7.1
Lira	55.4	−45.9
Yen	129.2	+27.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER MARKETS

Sept. 20	£	$		£ Note Rates
Argentina Peso	3153-3158	1452-1461	Austria	27¼-28¼
Australia Dollar	1.9145-1.9245	0.8860-0.8905	Belgium	64½-65½
Brazil Cruzeiro	62.17-63.17	28.75-29.25	Denmark	11.05-11.15
Finland Markka	8.27-8.29	3.8270-3.8360	France	9.00-9.10
Greek Drachma	78.80-79.10	36.60-36.60	Germany	3.82-3.92
Hong Kong Dollar	10.90-10.92	5.0500-5.0520	Italy	1,770-1,820
Iran Rial	151.20-159.30	70-73½	Japan	477-487
Kuwait Dinar (KD)	0.588-0.598	0.2767-0.2768	Netherlands	4.20-4.30
Luxembourg Frc.	61.25-61.35	28.96-28.98	Norway	10.65-10.80
Malaysia Dollar	4.6470-4.6580	2.1555-2.1565	Portugal	103-110
New Zealand Dlr.	2.1625-2.1725	1.0005-1.0050	Spain	140½-143½
Saudi Arab. Riyal	7.16-7.22	3.3480-3.3530	Switzerland	3.42-3.52
Singapore Dollar	4.6305-4.6415	2.1500-2.1510	United States	2.14-2.15½
Sth. African Rand	1.78-1.79	0.8235-0.8285	Yugoslavia	44½-46½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.0870	+1.54	+1.37	±1.53
Danish Krone	7.08592	7.17053	+1.19	+1.03	±1.635
German D-Mark	2.51064	2.49661	−0.56	−0.73	±1.1325
French Franc	5.79831	5.86084	+1.08	+0.91	±1.35
Dutch Guilder	2.72077	2.74995	+1.07	+0.90	±1.5075
Irish Punt	0.662638	0.665240	+0.39	+0.22	±1.665
Italian Lira	1148.15	1134.28	−1.21	−1.21	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lire	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.161	3.825	476.0	9.008	3.418	4.205	1741.	2.523	61.30
U.S. Dollar	0.463	1.	1.770	220.3	4.168	1.581	1.945	805.6	1.168	28.37
Deutschemark	0.261	0.565	1.	124.4	2.355	0.893	1.099	455.2	0.660	16.03
Japanese Yen 1,000	2.101	4.540	8.036	1000.	18.92	7.180	8.834	3658.	5.300	128.8
French Franc 10	1.110	2.399	4.246	528.4	10.	3.794	4.668	1933.	2.801	68.05
Swiss Franc	0.293	0.632	1.119	139.3	2.636	1.	1.230	509.4	0.738	17.94
Dutch Guilder	0.238	0.514	0.910	113.2	2.142	0.813	1.	414.0	0.600	14.58
Italian Lira 1,000	0.574	1.241	2.197	273.4	5.174	1.963	2.415	1000.	1.449	35.21
Canadian Dollar	0.396	0.857	1.516	188.7	3.570	1.355	1.667	690.1	1.	24.30
Belgian Franc 100	1.631	3.525	6.240	776.5	14.69	5.575	6.860	2840.	4.116	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.20-12.30 per cent; three months 12.60-12.70 per cent; six months 12.75-12.85 per cent; one year 12.05-12.15 per cent.

Sept. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13⅝-13¾	11⅝-11⅞	10½-11½	9¼-9½	⅛-⅜	5[illegible]-5[illegible]	11¼-11½	9-11	—	5[illegible]-6½
7 days' notice	13[illegible]-14⅛	11¾-13	10½-11[illegible]	9¼-9½	1⅛-1⅞	6[illegible]-6[illegible]	12-12¼	13¾-14¾	11[illegible]-11[illegible]	6[illegible]-7⅛
Month	14-14⅛	12[illegible]-12[illegible]	11¼-11⅝	9[illegible]-9[illegible]	1[illegible]-1[illegible]	6⅞-7	12⅜-12⅝	13¾-14⅜	12[illegible]-12[illegible]	6[illegible]-7⅛
three months	14⅝-14[illegible]	12[illegible]-13[illegible]	11¾-12⅛	9⅞-10⅛	1[illegible]-2[illegible]	7⅛-7¼	13-13¼	14¾-15¾	12⅞-13	7¼-7⅝
six months	14½-14⅞	12[illegible]-13[illegible]	11[illegible]-12[illegible]	9⅞-10⅛	2[illegible]-2[illegible]	7[illegible]-7[illegible]	13[illegible]-13[illegible]	15-16	12[illegible]-12[illegible]	7⅛-7⅜
one year	14-14⅜	12¼-12½	11[illegible]-11[illegible]	9⅝-9⅞	2[illegible]-3[illegible]	7⅜-7⅝	13[illegible]-13[illegible]	15¾-16¼	12¼-12⅜	6¾-7¼

Long-term Eurodollar two years 11⅝-11⅞ per cent; three years 11½-11¾ per cent; four years 11-11½ per cent; five years 10⅞-11 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

French rates steady

Interest rates showed some signs of stability yesterday in Paris, and at the regular official tender, the Bank of France bought first category paper at 11¼ per cent. This compared with a previous rate of 10¾ per cent, but is very much in line with the present money market intervention rates.

Call money remained at 11¼ per cent and while one-month funds rose to 11⅝-11¾ per cent from 11⅜-11½ per cent, rates for longer term were unchanged at 11¾-11⅞ per cent for three-month, and 11⅞-12 per cent for six and 12-month money.

FRANKFURT—Call money fell sharply yesterday to 5.50-5.75 per cent from 5.80-6.00 per cent as did one-month money to 7.55-7.65 per cent from 7.75-7.85 per cent. The three-month rate was quoted at 7.85-7.95 per cent, compared with 7.90-7.95 per cent, while the six-month rate was lower at 7.95-8.05 per cent against 8.10-8.15 per cent. However, 12-month money rose from 7.90-8.00 per cent to 9.75-8.05 per cent.

There were no policy changes after yesterday's meeting of the central bank council, much in line with market expectations in view of the present strength of the D-mark against the dollar.

NEW YORK—Treasury bill prices eased in early trading after Wednesday's sharp rise. The yield on 13-week bills rose to 10.27 per cent from 10.18 per cent and 26-week bills to 10.25 per cent from 10.17 per cent. The recent weaker trend in the dollar was seen as putting increased pressure on the Federal authorities to tighten credit still further. Federal funds were trading at 11¼-11⅜ per cent, showing little change from Wednesday.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 12⅜-12⅛ per cent from 12⅜-12⅛ per cent for one-month and 12⅜-12⅛ per cent up from 12⅜-12⅛ per cent for three-month. The six-month rate rose to 12⅛-12⅜ per cent from 11⅞-12⅛ per cent with one-year deposits at 11⅞-11⅞ per cent against 11⅜-11⅞ per cent previously. Interest rates have tended to edge higher since last Friday's announcement of a 2 per cent rise in the Danish bank rate. Since then the Belgian franc has once again found itself the weakest member of the EMS and the Belgian authorities may well consider further measures to help restore differentials.

ROME—The Italian authorities are to offer 2.5 trillion lire of five-year bills as from October 1, replacing maturities of 2 trillion. The expected yield of 13.70 per cent is slightly higher than previously, and is seen as part of the Treasury's plan to increase yields slightly on medium and long-term paper and to leave short-term maturities mainly unchanged.

AMSTERDAM—Interest rates were generally firmer yesterday with call money at 9⅜-9⅝ per cent compared with 9¼-9½ per cent and one-month money rising to 9⅜-9⅝ per cent from 9¼-9½ per cent. The three-month rate stood at 10-10¼ per cent against 9¾-10¼ per cent with six-month money unchanged at 9⅞-10⅛ per cent.

GOLD

Record level

Gold rose $13¼ to close at $384-387, the highest closing level on record. It opened at $375-378 and was fixed at $375.35 in the morning. Trading was again active, with the metal rising to $380.00 at the afternoon fixing, and touching an all time high of $384½-387½.

In Paris the 12½ kilo gold bar was fixed at FFr 50,000 per kilo ($373.34 per ounce) in the afternoon, compared with FFr 50,000 ($372.94) in the morning, and FFr 51,300 ($377.79) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 21,475 ($375.94), compared with DM 21,905 ($376.99) previously.

	September 20		September 19	
Gold Bullion (fine ounce)				
Close	$384-387	(£177.70-179.10)	$370-374	(£172.4-174.4)
Opening	$375-378	(£174.90-176.80)	$372-376	(£173.6-175.5)
Morning fixing	$375.35	(£175.581)	$376.00	(£175.259)
Afternoon fixing	$380.00	(£175.358)	$369.00	(£172.189)
Gold Coins				
Krugerrand	$391-394	(£181-182½)	$377-380	(£175½-177)
Mapleleaf	$410-415		408½-413½	
New Sovereigns	$99-101	(£45¾-46¾)	$95-97	(£44¼-45¼)
King Sovs	110-112	(51-52)	$109½-111½	(£51-52)
Victoria Sovs.	$116¾-118¾	(£54-55)	$116-118	(£54-55)
Fr20 Napoleon	FFr410-435	(SFr155-165)	FFr415-425	(SFr160-165)
50 pesos Mexico	$468-471		$460-465	
100 Cor. Austria	$369-373		$362-365	
$20 Eagles	$488-493		$433-438	
$10 Eagles	$252-262		$246-256	
$5 Eagles	$212-228		$14-230	

UK MONEY MARKET

Small help

Day-to-day credit appeared to be in short supply in the London money market yesterday and the authorities gave assistance by buying a small amount of Treasury bills and a small number of corporation bills all direct from the discount houses. Total help was termed as small.

Discount houses were paying around 13½ per cent for secured call loans at the start with closing balances taken between 12¾ per cent and 13 per cent.

The market was faced with a small excess of revenue transfers over Government disbursements and a small net take up of Treasury bills to finance. On the other hand, banks brought forward balances some way above target.

In the interbank market overnight loans opened at 13-13½ per cent and rose to 13⅝-13⅞ per cent before coming back to 13-13½ per cent later in the afternoon. Closing balances were taken in the region of 13¼-13½ per cent.

MONEY RATES

NEW YORK

Prime Rate	13-13.25
Fed Funds	11.5625
Treasury Bills (13-week)	10.27
Treasury Bills (26-week)	10.25

GERMANY

Discount Rate	5
Overnight Rate	5.625
One month	7.50
Three months	7.90
Six months	8.0

FRANCE

Discount Rate	9.5
Overnight Rate	11.125
One month	11.5625
Three months	11.8125
Six months	11.9375

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.875
Bills Discount (three-month)	7

LONDON MONEY RATES

Sept. 20 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-13⅞	—	—	—	14	12¾-13½	—	—	—
2 days notice	—	—	13¾-13⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	13⅝-13⅞	13⅞-14¼	—	14⅛	14⅛	13½-13¾	—	—	—
One month	14[illegible]-13⅞	13[illegible]-14[illegible]	14⅛-14¼	15-14¾	14⅜	14⅛-14⅛	13[illegible]-13[illegible]	13[illegible]-13[illegible]	14⅛-14[illegible]	14¾
Two months	14⅛-14	14-14⅛	—	14⅞-14⅝	14⅜	—	13¾	13[illegible]	14[illegible]-14[illegible]	14⅝
Three months	14¼-14⅛	14-14⅛	14⅛-14[illegible]	14¼-13⅞	14⅜	14⅛-14[illegible]	13¾	13[illegible]-13½	14[illegible]-14[illegible]	14[illegible]
Six months	14[illegible]-14	14⅛-14¼	13⅞-14⅛	13¾-13⅞	14⅛	—	—	—	13[illegible]-13[illegible]	13⅞
Nine months	13¾-13½	13[illegible]-13[illegible]	—	13¾-13⅞	14	—	—	—	—	—
One year	13½-13⅜	13½-13⅜	13[illegible]-13½	13⅝-13	13¾	—	—	—	—	—
Two years	—	—	13-13⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice others seven days fixed. *Long-term local authority mortgage rates nominally three years 13-13¼ per cent; four years 12⅞-13⅛ per cent; five years 12¾-13⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13[illegible]-13¾ per cent; four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13 15-64ths-13¼ per cent; two-month 13 19-64ths per cent; three-month 13⅜ per cent. Approximate rates for one-month bank bills 14-14[illegible] per cent; two-month 14[illegible]-14[illegible] per cent and three-month 14[illegible]-14[illegible] per cent; one-month trade bills 14⅝ per cent; two-month 14½ per cent; and three-month 14[illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.4027 per cent.

NORTH AMERICAN NEWS

Reliance forecasts growth as Exxon stands by bid

BY OUR FINANCIAL STAFF

RELIANCE ELECTRIC, the object of a $1.17bn takeover bid by Exxon, yesterday issued confident forecasts on profitability and business volume.

With Exxon's bid still frustrated by Government anti-trust blocks, Mr. Charles Ames, chairman of the electrical and engineering company, said he expected orders this year to be about 20 per cent higher than last year on a comparable basis.

Sales for the fourth quarter ending October 31 are now being forecast at around $400m, which is higher than the company had budgeted for and well up on the $248.2m figure recorded in the same period a year ago. Year-end sales are put at $1.3bn, compared with $966m in 1978.

Mr. Ames said that most of the company's activities had not so far been affected by the threatened economic recession. The exceptions were the Toledo weigh-scale division and the parts of the telecommunications business related to private housing.

Mr. Ames said the company expected fourth quarter profits to exceed the $1.04 a share fully-diluted earned a year ago. This is after excluding Haughton Elevator, sold earlier this year and the write-up of stocks held by Federal Pacific, which Reliance bought in March.

The fourth quarter estimate would indicate profit for the fiscal year in the $4.75 to $4.80 a share area, including a 75 cents a share gain on the sale of Haughton Elevator.

In the next fiscal year Federal Pacific would be "a real plus." The maker of electric power distribution products was proving to be "a perfect tie-in."

The $345m bank loans used to purchase Federal Pacific have ben reduced to around $224m. The $46m or so proceeds from the sale of Haughton, $55m fro ma private placement of Reliance preferred stock, and $20m from operating funds have been paid against the debt.

Reuter adds from Washington: Exxon Corporation has agreed in a Federal court here not to take any action, directly or indirectly, to withdraw or terminate its offer to buy Reliance Electric for at least one more week. The agreement came in response to a eRliance suit seeking to force Exxon to carry through the deal.

Norway sells its 1m shares in Alcan

By Fay Gjester in Oslo

THE NORWEGIAN *Government* has sold the block of just over 1m shares in Alcan, the Canadian aluminium concern, which it acquired in 1966 when Alcan bought a 50 per cent stake in Norway's State-owned aluminium group, Aardal og Sunndal Verk (ASV). The holding, 1,050,522 shares, amounted to about 1 per cent of Alcan's total share capital.

Norway subsequently bought back the ASV shares which it sold to Alcan—half of them in December 1974 and the rest in June this year.

The decision to sell off the Alcan shares, only just revealed by the Ministry of Industry, was taken at a secret meeting of the Storting (Parliament) on June 6. It was a unanimous decision.

The sale was made through *Den* Norske Creditbank, Norway's largest commercial bank, at a reported price of $39 per share, making the deal worth nearly $41m. The shares are now in the hands of a New York broker, on offer to investors.

Seagram reports record profits

BY ROBERT GIBBENS IN MONTREAL

SEAGRAM, the world's largest distillers, and controlled by the Samuel Bronfman family, reports that net income from operations was a record $107.3m or $3.06 a share for the year ended July 31, up 15.3 per cent from $93m or $2.65 a share in fiscal 1978. Sales rose to a peak $55bn, up 12.4 per cent.

However, because of accounting adjustments, final profit for 1979 was $168.2m or $4.79 a share, reflecting a $75.6m tax credit arising from recently enacted UK legislation. This relates to deferred income tax *which ultimately would be payable* if stocks declined in monetary terms. But the new legislation provides that any such taxes deferred for more than six years need not be paid and can be taken into income.

Another factor affecting final earnings was a $14.7bn debit arising from foreign exchange losses.

Net income from operations benefited from a 10 per cent growth in sales and earnings from North America, a 20 per cent gain from international operations and a 10 per cent *gain in oil and gas.* These sectors represented 42 per cent, 35 per cent and 23 per cent respectively of total operating earnings.

Generally the improved results represented a good overall performance and improved profit margins, the company said. Capital spending for the current year will be about $216m

The first two months of the current year's operations continue quite strong in North America and abroad. "We are hopeful that fiscal 1980 will be another significant year. We certainly should show improve*ment in earnings.*"

Fed approves merger of Texas banks

By Our Financial Staff

THE MERGER of First Security National Corporation into First City Bancorporation of Texas has been approved by the Board of Governors of the Federal Reserve System. The merger is scheduled for completion during the fourth quarter of 1979, if approved by the shareholders of First Security.

Under terms of the merger, First City will issue, 65 share of its common stock for each share of First Security outstanding at closing, or a maximum of 1,171,407 First City shares.

At June 30, 1979, First Security National Corporation had total assets of $509.5m and total deposits of $439.8m. First Security has ten member banks: five in the Beaumont area and five in the Dallas area.

First City Bancorporation of Texas is a 31 member statewide bank holding company with $7.9bn in assets. It is the nation's 24th largest commercial banking organisation in terms of deposits.

Strong growth for Boston bank

FRANKFURT — First National Boston Corporation will lift its third quarter earnings by 37 per cent compared *with the same period last year,* maintaining the growth rate established in the first six months of 1979.

Mr. Richard Hill, the bank's chairman, added that First Boston would "come close to matching last year's overall increase" of 33 per cent. He ascribed the slower growth rate for the fourth quarter and the full year to the fact that the fourth quarter of 1978 was particularly strong.

Mr. Hill noted that in August the Board had approved a divi*dend increase of 20 cents to* allow for a total dividend of $2.20. In 1978, the dividend had been increased by 12 cents.

"The bank is currently continuing to open branches in the Far East and in South America, but growth in Europe is being limited to expansion of existing branches," he said. "The only exception in Europe may be Italy, which is presently under study."

Mr. Hill said the bank is also planning to increase its efforts in leasing. The leasing opera*tions in West Germany* and France have been successful, and the board of directors has authorised the opening of a new unit in Belgium in the near future.

"The U.S. economy will probably recover from the current recessionary cycle in the second quarter of 1980," Mr. Hill said. Prime rates might reach 13¼ per cent by the end of this week

INTERNATIONAL CAPITAL MARKETS

DM Eurobond issuing activity up

BY FRANCIS GHILES

A TOTAL of DM1.32bn-worth of foreign Deutsche-Mark bonds has been floated during the past four weeks in the Eurobond market: this is the highest figure since the record levels of new D-Mark issues witnessed last autumn at the time of the last dollar crisis.

The figure of DM1.32bn compares with a volume of new issues agreed by the German Capital Markets Sub-Committee four weeks ago of around DM750m. Strong investor demand for D-Mark-denominated paper has enabled German banks to increase the amount of three of the scheduled issues and to float a number of issues

The latest issue to be completed is a DM100m private placement for the Asian Development Bank, which includes a bullet maturity of 12 years. Bayerische Vereinsbank is lead manager of this bond, which has been priced at 99½.

Deutsche-Mark bonds posted gains of around ¼ point in the secondary market, less than might have been expected in view of the large inflows into the D-mark in the foreign exchange markets. One factor behind this slow upward movement may be that until Wednesday afternoon, the D-mark sector of the bond market had suffered a bout of weakness due to the high number of new D-mark foreign bond issues announced on Monday, not all of which were expected.

The Capital Markets Sub-Committee, which was meeting in Frankfurt last night, was faced with a particularly delicate task: while the demand for D-mark denominated paper coming from abroad remains strong, the Federal Republic also has high funding needs next month—expected to be of the order of DM 1.5bn.

Interest rates in Germany are widely expected to move up again soon, and some German bankers say that this is encouraging foreign borrowers to arrange D-mark-denominated bonds sooner rather than later. The foreign demand for D-marks yesterday was said by German bankers to have been the largest witnessed in many months.

In the straight dollar sector, prices appear to be following the New York bond market. They attempted to rally this morning, but fell back again yesterday afternoon after the New York market opened on a weaker note. In most cases prices were unchanged on the day, with dealers discounting both the weakness of the U.S. currency and the new record set by the gold price.

The $30m 15-year convertible for Nippon Seiko was priced at par, with indicated conditions otherwise unchanged: these include a coupon of 7¼ per cent. The conversion price has been set by the *lead managers* Kleinwort Benson and Nomura at Y339 and the conversion rate at Y224.48 for the U.S. dollar. The premium has been set at 4.63 per cent over yesterday's closing price of the Nippon Seiko shares in Tokyo, which was Y324.

Sterling bonds continued to lose ground yesterday despite the currency's rise against the dollar. Since the beginning of the week some issues have lost up to three points: pressure on the prices is coming rather from the total absence of buyers than from any large selling order.

Rapid rise in Euromarket outlets

BY JOHN EVANS

THE WORLDWIDE Eurocurrency market will probably reach a size of $1,000bn by the end of this year, according to Mr. David Ashby, group chief economist of Grindlays Bank.

In a new study, the economist estimates that the market increased in size from a gross $900bn at the end of 1978 to about $950bn by mid-1979.

An impetus to the Euromarket's growth has been provided by the recent round of oil price increases, which will create additional borrowing demands from the developing countries outside the Organisation of Petroleum Exporting Countries to finance their enlarged balance of payments deficits, according to Mr. Ashby.

The economist suggests, however, that the startling geographic growth of the Euromarkets in recent years should start to slow down.

One of the most striking features of the development of the markets over the past decade has been their ever-widening geographic spread, he says.

A steadily larger slice of available business has been attracted to new market centres, such as Bahrain, Singapore, Hong Kong and the Bahamas in recent years.

By the end of 1978, London's share of the market had declined to 32 per cent, and Europe as a whole to 73 per cent. In contrast, the non-European centres boosted their share from 17 per cent to 27 per cent between 1971 and 1978.

The newer market locations can be expected to continue to thrive and flourish, reflecting their advantages in terms of low taxes and regional contacts, Mr. Ashby says.

● The National Bank of Hungary is raising $250m through a 10-year Eurocredit being put together by DG-Bank, according to bankers in Luxembourg, Reuter reports.

The credit will carry a margin ⅝ per cent above interbank offered rates for the first five years, rising to ¾ per cent for the remaining five years.

● Commerzbank has extended a $100m five-year loan to Bank of China, AP-DJ reports from Frankfurt. The loan agreement was signed on Wednesday at the Commerzbank branch office in London.

Amex pays $54m for insurance unit

CHICAGO — National Student Marketing Corporation has rejected an offer from France's Mutuelles Unies of America for all its subsidiaries. Instead, it has entered into an agreement in principle with American Express's Fireman's Fund Insurance for the sale of its Interstate Insurance group unit for $54m in cash.

Mutuelles had offered $52m for all of NSM's subsidiaries.

NSM intends to enter a plan of liquidation on completion of *the sale of its insurance group* to Fireman's Fund.

Reuter

TWA-Century 21 merger approved

NEW YORK — The Boards of Trans World Corporation and Century 21 Real Estate Corporation have approved a definitive agreement by which Trans World would acquire Century 21.

The merger must be approved by stockholders of both companies at special meetings on October 18.

After the merger Mr Arthur E. Bartlett, the chairman of Century 21 will become a director of Trans World.

As previously announced, Century 21 shareholders may elect to receive $28.50 in cash per share, or to exchange their shares for shares of Trans World Series C convertible preferred stock worth $28.50 a share, or to receive a combination of 40 per cent in preferred stock and 60 per cent in cash.

Trans World said that not more than 49 per cent of Century 21 shares may be exchanged for cash and not less than 51 per cent may be exchanged for preferred stock.

Trans World said that it may increase the percentage of Century 21 shares to be exchanged for the preferred stock to 60 per cent. Century 21 has 23m shares outstanding.

The valuation of Trans World preferred stock, Series C, will be based on the average daily closing prices of the Series C stock during the period beginning July 25 and ending on the effective date of the merger, Trans World said.

AMC predicts higher sales

WASHINGTON — Mr. Gerald Meyers, the chairman of American Motors Corporation (AMC), expects the company to report sales of more than $3bn in the fiscal years ending September 30, compared with $2.6bn in the comparable period.

He also expects Chrysler Corporation to survive its current problems. "Chrysler is going to make it," he told the National Press Club. "We have *no feeling to the contrary.*"

Although he said that AMC is opposed to "Federal intervention in the market place," he did not speak against aid for Chrysler, the No. 3 car maker.

AP-DJ

Pillsbury moves ahead

Food and restaurant group, Pilsbury, has pushed earnings ahead in the first quarter of its current fiscal year from $19.2m or $1.10 a share to $24.7m or $1.24, on sales of $666.4m compared with $462.6m previously, out Financial Staff writes.

General Instrument

General Instrument Corporation, the electronic components manufacturer, increased earnings from $8.7m or $1.08 a share to $12m or $1.37 in the second quarter, on sales of $166.9m against $131.3m, reports our Financial Staff. First half earnings of $22.4m or $2.64 a share compare with $15.5m. or $1.93, and sales of $317.4m with $256.8m

Forecast from K mart

K Mart Corporation's earnings for the year ending next January will be $2.95 to $3.00 a share compared with $343.7m or $2.74 a share a year earlier, Mr. Richard Falck, senior vice-president and treasurer, indicated following a meeting with analysts, reports AP-DJ from Detroit.

Douglas re-purchase

McDonnell Douglas Corporation intends to purchase its 4¾ per cent subordinated convertible debentures due 1991 in the open market and block transactions, reports Reuter from St. Louis. The amount to be acquired will depend upon the quantity available at prices it deems favourable. *It has $61.8m principal* of the issue outstanding.

Late upturn at Roper

Roper Corporation, manufacturer of lawn mowers and domestic cookers, announced that earnings for the full year have fallen from $14.4m or $2.66 a share to $10.5m or $1.93, on sales which have fallen from $433m to $421.1m, writes our Financial Staff. In the final quarter, earnings move up, however, to $4.2m or 79 cents from $3.4m or 62 cents. Sales for the quarter were also higher, at $122.2m against $97.5m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on September 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	95¾	95⅞	+0¼	−0¼	10.73
Alex Howden XW 9½ 91	30	†78	80	0	−0¼	13.08
Australian Res. 9¾ 84...	30	95¾	95¾	+0⅛	−0⅞	10.86
Avco O/S Cap. 10½ 87	40	91½	92	+0⅛	+0¼	11.85
Beneficial Fin. 9½ 87 ...	100	95½	96	+0¼	−0¼	10.56
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	97	98	0	−0¼	9.68
Avco Fin. 10½ 85 CS ...	25	91⅞	92½	−0¼	−0⅞	12.07
Cr. Foncier 10½ 84 CS	30	93½	94⅛	+0⅛	0	12.08
Ex. Dev. Cpn. 10 84 CS	50	95⅛	95⅝	+0¼	+0⅞	11.00
Fst. Can. Inv. 10 84 CS	50	93¾	94⅛	−0⅛	−0⅞	11.75
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Canon 6¾ 94	8/79	570	101⅛	101⅞	+0⅛	−0.79
Ciba-Geigy O/S F. 4 94	9/79	676	95	95⅞	+0⅛	−6.27
Credit Suisse 4¾ 93 ...	10/79	1325	107⅞	108⅞	+1⅛	0.89
Esselte 7¾ 89 ...	9/79	159	96⅛	97⅞	0	6.92
Honda Motor 5½ 89 ...	6/79	532	101½	101½	+0⅛	−0.41
LPC International 8 89	9/79	35	101⅞	101⅞	−0⅛	12.92
Nitto Elec. Ind. 6 94	7/79	735	90⅝	91⅞	+0⅛	0.54
Union Bank Switz. 5 89	2/80	125	109⅞	109⅞	+0⅛	8.33
Fujitsu 5 84 DM ...	7/79	475	100⅞	101⅞	0	19.91
Kansai Elec. 4 84 DM ...	4/79	1350	188⅞	89⅞	−0⅛	54.33
Marudai Food 3¾ DM ...	2/79	1033	180⅞	81⅞	0	45.39
Nippon Yen. 3½ 85 DM	1/79	251	199⅞	100⅞	−1⅛	−2.86
Sharp Con. 3½ 86 DM ...	2/79	487	94⅛	95⅞	−1⅛	7.87
Tokyo Elec. 3½ 87 DM	4/79	476	195⅞	96⅞	−0⅛	53.24
Tokyu Ld. Co. 4 86 DM	4/79	489	182⅞	83⅞	−0⅛	30.86
Uny Co. 6½ 86 DM ...	11/79	1071	101⅞	101⅞	−0⅛	8.06

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Way clear for change in Cii-Bull ownership

By Terry Dodsworth in Paris

THE WAY seems to have finally cleared for a significant change in the shareholding of Cii-Honeywell Bull, the French computer company, as soon as a financial agreement can be reached between Saint-Gobain-Pont-a-Mousson and CGE, the two diversified groups which are talking about a deal.

Discussions have been going on for some time between these two companies, two of the largest industrial concerns in France, to find a way whereby *CGE could divest itself of a 20 per cent stake in Cii's main* shareholder, Machines Bull.

A change in ownership has apparently been supported by the Government, another leading shareholder in Machines Bull, on the grounds that Sain-Gobain would be willing to help the expansion of the computer concern which is now receiving *the last of the State grants due* under a four-year reconstruction scheme.

This week, both Cii and *Honeywell Information Systems*, which controls 47 per cent of the French computer group, have let it be known that they would not be averse to a change in the shareholdings.

M. Jean-Pierre Brule, the chairman of Cii, said at a Press conference, that Sain-Gobain would be welcome as a partner in the group. Honeywell, interviewed by the French *Les Echos* newspaper, said that it would work closely with Saint-Gobain

Various calculations have been put on the value of the CGE stake, most of them in the region of FFr 100m ($23.3m) or more.

Export fears by Danish TV maker

By Hilary Barnes in Copenhagen

BANG AND OLUFSEN, the *Danish television and hi-fi equipment* manufacturer, warns the Government in its annual report to shareholders that the company will be forced to consider transferring production abroad if Danish economic policy does *not improve. The company has* about 2,700 employees in Denmark.

"If there is not very soon a change in domestic policy so that the export competitiveness of Danish firms is improved *instead of being worsened*, it will be necessary for Bang and Olufsen to reconsider its policy of producing as much as possible in Denmark," the report said.

The company complains of the failure to implement incomes policy, continued large wage increases and the rise in public expenditure and the tax burden, which prevents an increase in domestic demand.

B and O, which has won a worldwide reputation for top quality products, both technically and for their design, said its pre-tax earnings of *DKr 22m ($4.25m) in 1978-79* placed it among the most profitable companies in the business in Europe.

BSN-GERVAIS DANONE

Aiming for multinationalism

BY DAVID WHITE IN PARIS

LARGE FRENCH company with about $260m to spend, would like to meet food/drinks companies with view to participation/purchase. High-class image sought. Willing to travel, U.S., Far East. Government-recommended.

This is where BSN-Gervais Danone stands after agreeing last week to sell all its flat glass interests outside France to Pilkington Brothers of the UK. The sale, still to be approved by a number of European governments, will end France's near-monopoly of a major continental market supplying the building and motor industries. After the deal, BSN-Gervais Danone, a half-glass, half-food group, changes roles. It will become a multinational food company in the first instance, with ambitions of rubbing shoulders with Unilever and Nestle. It will continue to make glass packaging as a by-product, with its remaining flat glass *interest in France tagging along* as a temporary liability.

This last, heavily loss-making company, Boussois, is the B in BSN. The company's sentimental attachment to it is tempered by the cost of a 10-year modernisation programme, under licence from Pilkington. BSN-Gervais Danone, which already has a Pilkington representative on its board and which will become a shareholder in the UK group as part of its deal, would not have minded including Boussois in the package. But the remainder of the French glass industry, and the French Government, would have.

The betting in Paris is that at some stage Boussois will join the glass giant, Saint-Gobain-Pont-a-Mousson. If it does, it will give a neat twist to French industrial history.

In 1969, M. Antoine Riboud, chairman of the then BSN, made an offer for the then Saint-Gobain. His bottle-making combine, Souchon-Neuvesel, had responded to the plastic-packaging era by diversifying into flat glass and absorbing Boussois three years before. He was prepared to go all out into flat glass. The bid failed.

His next efforts were again in glass. He took control of Flachglas in West Germany and Glaverbel in Belgium. But in 1970 he turned to filling his bottles, buying the Alsatian brewery Kronenbourg, Europeenne des Brasseries, in the same line, followed, clinching a dominant position in the French beer industry. In 1973, BSN merged with the country's leading dairy group, Gervais Danone. His would-be bride, *Saint-Gobain*, an *old maid in her* 277th year, had meanwhile merged with the Lorraine-based tubes and engineering group, Pont-a-Mousson.

The real influence behind the deal with Pilkington is that of *the government. It is as good an* example as any of how the French administration can work hand-in-glove with large private industry.

Agro-business is a fashionable topic in France these days. The *government is acutely conscious* of not having the companies to match the country's farm resources, which are by far the largest in Europe, and of not getting the best value from its produce, which is mostly exported unprocessed.

The French Government is acutely conscious of not *having the companies to match the country's* agricultural resources which are by far the largest in Europe. This means that France is not getting the best value from her produce, most of which is exported unprocessed

Since late last year it has reached "development agreements" with a dozen small and medium-sized companies making wine, brandy, tinned foods, cheese and biscuits, offering investment assistance according to the results obtained. It is concluding another, exclusively with BSN-Gervais Danone, which will give the group a special tax deal for building up its exports.

Agro-industry is one of the few industrial sectors in France where the number of jobs increased instead of decreasing *last year. But it is mainly made* up of small companies. Only in a handful of instances—sugar, beer, pastas, mineral water—is the market concentrated as it is in other countries. The industry is 20 per cent foreign-controlled, and investment in it has been low since the 1974 oil crisis.

The French employers' federation, the CNPF, is trying to push the industry to develop its most competitive sectors, strengthen its marketing, improve its brand image, sell equipment and know-how abroad, expand commercial net-*work and set up foreign sub*sidiaries.

Much of this onus now falls on M. Riboud. His group, although with a smaller turnover than Sir James Goldsmith's Generale Occidentale food distribution empire, is the country's largest food processing business. It is strongly placed in four areas—beer (Kronenbourg, Kanterbrau), mineral water (Evian, Badoit), dairy products and baby foods. Its food business is *growing at the rate of 15 per* cent a year.

Last year food and drinks made up 53 per cent of the group's FFr 14.4bn sales, and contributed FFr 167m in profit, four times the overall group result. All its food offshoots were in the black last year and earnings are expected to improve this year after the lifting *of government price controls.*

Up to now, the group has relied essentially on its two main axes of beer and dairy products. Last year it accounted for 70 per cent of French beer exports. The country has a big *deficit in the sector, importing* four times as much as it sells. In order to break through into foreign markets, Kronenbourg has gone into co-operation with Bass in the UK, has bought a share in Belgium's Alken brewery, a one-third stake in the number three Spanish brewer, Mahou, and this month a similar stake in an Italian brewer, Wuhrer. Kronenbourg beer is also being launched in the U.S.

As for dairy products, the 1960s yoghurt boom meant that Gervais-Danone was already well-established internationally when it joined BSN six years ago. Its subsidiaries include the leading Brazilian company in its field, Laticinios Pocos de Calda.

"France's Coca-Cola" is how M. Ribound now sees Gervais-Danone with sales reaching FFr 4.7bn by 1982, three times those of *last year. More than* half of this is to come from abroad.

Up to now, in contrast to its glass interests, the group's food and drinks business has been overwhelmingly home-based. Three-quarters of the 40,000 workforce which will be left after the Pilkington deal will be in France. But the trend of cutbacks in French plants has already set in. As M. Riboud talks of moving into the Far East and Venezuela, the unions, who have generally regarded him as a progressive-minded man, have cottoned on to where the group is going.

With only three or four names now among the world's top 100 food companies, France is now planning a fully-fledged multinational. For a man who moved into his mother's family's bottle-making business during the German occupation, it must be an unexpected vocation.

Gulf Medical share offer draws $8bn

By Mary Frings in Bahrain

THE OFFER of shares worth $4m in Gulf Medical Projects Company has attracted $8bn *of applications*. The offer, which was for 20 per cent of the 75m UAE dirhams capital of the company at the par value of *DH 2.50* each (66 US cents), was open for six days, and was oversubscribed 2,000 times.

Borrowers of money to cover their applications have paid in interest up to four times the face value of the shares. Applicants for the maximum 10,000 shares were allotted four shares each.

Gulf Medical Projects is a joint venture between the Government of Sharjah, a group of Gulf private in-*vestors, banks and investment* companies, predominantly from Sharjah and Kuwait, and the London-based Hospital Affiliates International headed by Dr. Michael Sinclair. The company is building a 120-bed private hospital in Sharjah, the Al-Zahra Hospital.

The subscriptions notice in Arabic newspapers said that the company aimed to manufacture and trade in drugs and pharmaceutical products and to earn commissions from *commercial* agencies in hospital and medical supply.

The founders of the company hold 80 per cent of stock. The remaining 20 per cent was dividend into 6m shares.

Banking sources in Bahrein were predicting before the offer closed that it would be at least 200 times over-subscribed, following a scramble for shares in two Bahrein offshore companies within the past two months.

There has been a strong element of speculation in the recent share stampede and shares have been traded on the Kuwait stock market within days of allocation at several times their face value.

Strong advance at Bank Leumi

BY L. DANIEL IN TEL AVIV

ALL THREE of Israel's largest banks have published semi-annual balance-sheets over the past week. Bank Leumi le-Israel remains in the lead with a consolidated balance-sheet as of June 30, 1979, of I£345bn ($12.02bn). Net consolidated profit reached I£621m ($21.63m) compared with I£347m for the first six months of 1978.

The balance-sheet total represents an increase of 83 per cent relative to June, 1978, and of 39 per cent relative to December, 1978. The bank has thus been more than able to keep pace, in real terms, with Israel's inflation.

The profit growth is 79 per cent; moreover, the net profit in January/June this year is equivalent to 86 per cent of total 1978 profit, which amounted to I£718m.

The bank further reports a satisfactory increase in deposits by the public, particularly in approved savings schemes *(which are 100 per cent linked* to the consumer price index), as well as in its foreign currency accounts of both local and foreign residents.

The negotiable Certificates of Deposit, a financial instrument designed to serve the short-term needs of clients, also continued to develop during the first half of 1979.

In view of these results the bank has declared an interim cash dividend for this year of 7½ per cent, less income tax, on all ordinary and special voting shares, including capitalisation shares distributed at the ratio of 15 per cent in May, 1979, and on ordinary shares derived from the conversion of capital notes and options before May 31, 1979, *except for the* convertible notes of Leumi International Investments NV.

At the same time, the group's overseas activities expanded significantly with the acquisition of 11 branches in the U.S. (subject to approval by the Federal authorities) from Bankers Trust. Bank Leumi Trust Company of New York, the bank's largest overseas subsidiary, will increase its equity capital by $10m this year, and Bank Leumi (UK) is also increasing its capital.

New representative offices are *to be opened in Mexico and* Panama and a new subsidiary (Casa Bancaria) is to be inaugurated in Uruguay. These three projects now await approval by the authorities.

Bank Hapoalim — Israel's second largest—reports that it made a net profit of I£608m ($21.18m) in the first half of time that a semi-annual balance-sheet stood at I£292bn ($10.17bn) on June 30, 1979.

Releasing these figures, Bank Hapoalim points out that it is *unable to give comparisons of* growth since this is the first time that a semi-annual balance sheet and profit-and-loss state-*ment have been published.*

Israel Discount Bank—the third largest—on the other hand, disclosed that its consolidated balance-sheet total as of June 30 this year was I£172.5bn ($6.01bn) compared with I£94.5bn a year earlier (a rise of 82.5 per cent). Consolidated net profits (after tax and deduction of payments to minority *stockholders) for the first six* months of 1979 came to I£324.3m ($11.3m) as compared with I£194.1m in the first half *of 1978* (up 67.1 per cent).

The consolidated balance-sheet covers the activities of the Israel Discount Bank itself (as well as of Barclays-Discount, the Israel Mercantile Bank, the Development and Mortgage Bank, *the Industrial Finance* Bank, Manpikim, the issuing company of the bank, as well as Discount Trust Company, of New York and Discount Bank (Latin America) of Montevideo.

Seven divisions urged for RSV

BY CHARLES BATCHELOR IN AMSTERDAM

A DECENTRALISED structure comprising seven operating divisions under a small, but *powerful holding management* is recommended for the troubled Dutch shipbuilder, Rijn-Schelde-Verolme (RSV), in a report just released.

A reorganisation of the largest shipbuilding concern in the Netherlands was necessary to cut through the "unclear" management structure resulting from the series of mergers which formed RSV, it said.

The report, drawn up by the Horringea en de Koning consultants, was one of the conditions imposed on RSV by the Economics Ministry when it came to RSV's in June.

The recommendations differ from RSV's own thinking. It had wanted only two sub-holdings, *but it found* the consultants' proposals "largely acceptable," RSV said in a first reaction.

Now that RSV has divested itself of its large shipbuilding and large offshore construction *attractive, the company's posi-* the consultants said. Their recommendations aimed at returning RSV to profitability over the next three years. It made a net loss of Fl 59.7m ($30m) in 1978 on turnover of Fl 2.5bn ($1.25bn). *The report* says RSV must develop a "flat" organisational structure in place of a hierarchy with many levels, although different forms are proposed for the seven divisions. The management of each division *must have close* contact with the workforce. The report also recommends that a long restructuring process should be avoided, although RSV said it would take time to fill key positions.

The seven divisions proposed are the VDSM repair group of Rozenburg; Verolme Brazilie. Wilton - Fyenoord / Rotterdamsche Droogdokmij and Thomassen Holland — both with smaller *companies grouped* around them; Koninklijke mij de Schelde and a number of other companies in Zeeland; a metalworking and machining group; and an electrical group. A number of small operations *not included in these divisions* will report directly to the managing board.

In RSV's favour were its strong position in some protected markets, a number of development projects now becoming commercially attractive, the company's postion tion in both the manufacture and repair of capital goods, its experience of foreign projects, a large share of the European ship repair market and the recent injection of equity funds by the State, the consultants said.

Billerud in $40m French deal

By William Dullforce in Stockholm

THE PRICE paid by Billerud Uddeholm, the Swedish pulp, paper and board group, for a majority holding in Lafarge Emballage, the packaging subsidiary of France's Lafarge Ciments, is FFr 170m ($40m). The Swedish concern is buying four-fifths of both the 64 per cent Lafarge holding and the 34 per cent Union Camp Corporation stake in the packaging company.

Billerud Uddeholm will also offer to buy the remaining 2 per cent of the shares held by private investors.

The purchase is being effected through the Swedish company's French subsidiary, Cartonneries Menigault, which will have its share capital increased and be lent funds to enable it to complete the deal.

Billerud Uddeholm will finance the takeover by borrowing abroad, most probably through a multi-currency loan, according to Mr. Carl-Axel Ronnbo, the deputy managing director.

Acquisitions by Swedish metals group

By Victor Kayfecz in Stockholm

BOLIDEN, the Swedish non-ferrous mining and metals group, announces "far advanced plans" to enlarge its share of the Scandinavian market for lead by acquiring a 90 per cent stake in Paul Bergsöe and Son, of Landskrona, Sweden; a 60 per cent share in the Finnish company, Oy Bera; and a 10 per cent stake in these two companies—Danish parent company, Paul Bergsöe and Son—for an undisclosed price.

Boliden currently extracts lead ore from its mines in northern Sweden and produces about 60,000 tonnes annually at its nearby Rönnskär mill and through its half-owned West German company, Preussag-Boliden-Blei.

The Swedish subsidiary of Bergsöe produces about 30,000 tonnes of lead a year, mainly from old car batteries. Turnover is about SKr 225m ($54m) annually. *The Finnish company* produces 10,000 tonnes of lead a year and has a turnover of about $5m.

Sharp increase in sales from Agache-Willot

BY OUR PARIS STAFF

TURNOVER OF the Agache-Willot group, the French textile company which came to the rescue of the ailing Boussac empire last year, rose to FFr 8bn ($1.9bn) in the year *ended March 31, compared with* FFr 5bn in the previous 12 months.

The group links this big jump to three factors—the takeover of both the Anspach chain of shops and of La Ouatose, and the entry into the accounts of the Boussac group activities, which came under its control in October of last year.

The main change in the group last year came with the creation of Boussac-Saint Freres as the *vehicle for controlling its manu*facturing activities. This was formed from the merger of CGT, the Agache-Willot industrial holding ssubsidiary, and Saint Freres, a group business which had been used as a vehicle for the Boussac takeover.

Although this financial reorganisation has already brought in train some industrial reconstruction, the group warns that there will be *further rationalisa*tion of its 20 or so textile factories. It adds that it is also continuing its expansion overseas, which took a big step forward in April with the acquisition of the Korvettes chain of shops in America, which have a $800m annual turnover.

Following its financial and industrial restructuring, Agache-Willot's affairs are now organised to present a clear split between the manufacturing and distribution interests. It says that the complex reshuffling of the accounts, which led to some criticism of the company in *financial circles last year*, will put it in a better position to produce consolidated accounts.

No profit figures were available for the group last year, but the parent company made a net profit of FFr 41.2m against a loss of FFr 34.6m in 1977.

Net dividends have been fixed at FFr 15 a share after obligatory tax payments.

Setback for Bank Buruh

By Wong Sulong in Kuala Lumpur

BANK BURUH, the four-year-old bank managed by the Malaysian trade unions congress, suffered a loss of 4m ringgit (US$ 1.85m) in 1978. It made a profit of 700,000 ringgit in 1977.

Accumulated losses up to the end of 1978 came up to 5.22m ringgit compared with the bank's paid-up capital of 10m ringgit.

At its annual meeting next week shareholders will be asked to increase its paid-up capital to 20m ringgit.

The bank's directors, who are mainly leading trade unionists, made no reference to the reasons for the losses in the annual report. Neither did they give a rundown to the bank's operations during the year. However, notes in the profit and loss account referred to "provisions for bad and doubtful advances" amounting to 4.35m ringgit.

Increase in profits and dividend at ANI

BY OUR SYDNEY CORRESPONDENT

AUSTRALIAN NATIONAL Industries posted its twelth successive rise in earnings with a 20 per cent rise, from A$14.66m (US$16.5m) to A$17.5m (US$20m) in the year to June 30. The engineering, plant hire and motor vehicle distribution group has raised its dividend from 10.5 cents a share to 11.7 cents.

The directors are confident of achieving the thirteenth successive year of profit growth in the current year. ANI's wholly-owned subsidiaries increased their pre-tax profit by 26 per cent but the contribution from associated companies dipped 8 per cent, reducing the equity accounted content. Earnings a share of 36.2 cents compared with 32.7 cents in the previous year.

Extremely satisfactory results were recorded by the Coates Hire Service division, the heavy engineering activities and the equipment merchandising operations. The metal forming divisions recorded a strong profit growth from the depressed *base of the previous* year, while the return from the Datsun dealer, Capitol Motors and the metal merchant, Steelmark were both broadly in line with the previous year's result.

The return from the asso-*ciated companies, the rolling* stock maker, Comeng Holdings and the iron founder, Bradken Consolidated were lower because of a slow down in Government spending and the normal cyclical pattern within the foundry industry. There had been real improvement in the Australian economy over the past year, the directors said, and most of the markets in which ANI operated had provided adequate opportunities for profitable operation.

There were also clear signs that in the international field Australia's competitive position had improved. While there were still some deficiencies in Government policy, particularly in relation to its spending, it was clear that the basic thrust of economic policy had been successful.

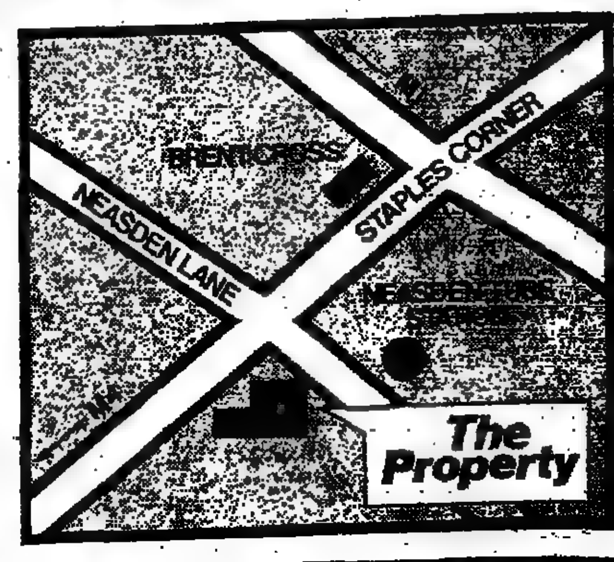
* * *

AMALGAMATED Wireless (Australia), the electronics group, has raised its dividend and plans a scrip issue following a 36 per cent increase in profit, from A$6.8m (US$7.6m) to A$9.27m (US$10.4m) in the year to June 30.

The dividend has been increased *from 11.25* cents a share to 15 cents, which includes a bonus element of 2.5 cents. The higher dividend will be paid on capital increased in September last year by a one-for-five scrip issue.

In addition, the directors will recommend a further one-for-five scrip issue at the next annual meeting, and expect to maintain the dividend at the new base rate of 12.5 cents a share.

The *dividend is covered by* earnings of 48 cents a share compared with 35 cents in the previous year. Gains were made in all major activities, according to the directors. The most significant areas were in AWA New Zealand and AWA Rediffsion, both of which turned around from losses to substantial profits.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Wall Street modestly firmer at mid-session

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AFTER STARTING on an easier note, Wall Street took on a firmer stance in active dealings to record a modest net improvement at mid-session.

The Dow Jones Industrial Average, down 3.84 at 872.61 at the 11.00 am calculation, picked up to 878.84 at 1 pm for a rise on balance of 2.39. The NYSE All Common Index was a net 19 cents up at $61.95, after retreating to $61.66. Turnover amounted to 26.91m shares, surpassing Wednesday's 1 pm figure of 24.33m.

Closing prices and market reports were not available for this edition.

Chemical Bank initiated a 13¼ per cent Prime Rate on Wednesday from a previous 13 per cent level, and a number of major banks followed the move yesterday morning.

Analysts said the market seemed fairly resistant to negative news, however, with bids coming in whenever prices retreated. But interest rate-sensitive issues, such as Utility and Preferred stocks, were under pressure.

Investors were expected to remain rather cautious ahead of the weekly banking figures, short interest statistics and balance of payments figures, due later in the day.

Volume leader **American Telephone** were off ¼ at $55⅛, after hitting a new low for the year of $54⅞. Blocks of 150,000 and 125,000 shares were moved at $55.

Active **Citicorp** were unchanged at $24, while **Dr. Pepper**, in the number three spot on the actives list, eased ⅛ to $14⅛.

In the Oils group, **Mobil** gained 1½ to $52⅞, **Charter CC.** 1⅞ to $49⅛, **Occidental Petroleum** 1⅛ to $26⅛ and **Gulf Oil** 1⅛ to $33⅞. **McMoran Oil and Gas** jumped 3½ to $23⅛. It has found oil and gas off Galveston, Texas.

Reliance Electric added 1¼ at $62⅛. Exxon has agreed not to end its bid for Reliance shares for at least a week. **Exxon** gained ½ to $57⅞. On Wednesday, Reliance sued to force Exxon to complete the deal.

Gordon Jewelry climbed 1⅞ to $27⅛, **Warner and Swasey** 1⅞ to $39⅞, **Arbott Laboratories** 2⅛ to $40⅛ and **Beach Aircraft** 3⅛ to $37⅛.

THE AMERICAN SE Market Value Index moved ahead 2.13 further to 226.00 at 1 pm on volume of 3.92m shares (3.43m).

Dome Petroleum climbed 1⅞ to $45⅛. The company said it will begin testing its Tarsiut A-25 well in the Beaufort Sea soon. **Gulf Canada**, a partner, jumped $3 to $86⅛.

Volume leader **Tubos de Acero** gained 1¼ to $10¼ after a four-for-one stock split earlier this week.

Canada

With Oil and Metal stocks leading the way, shares were inclined to move ahead yesterday morning in very active trading. The Toronto Composite index put on 6.1 to 1,728.0 at noon, while the Oils and Gas index advanced 39.0 to 3,370.3, Golds 27.3 to 2,260.5 and Metals and Minerals 12.4 to 1,491.4. In Montreal, Banks rose 2.06 to 311.29.

Amalgamated Bonanza, whose Texas well tested oil, jumped 2¼ to C$26⅞ in active trading.

Bay Mills climbed C$2 to C$20 on higher earnings and a dividend increase.

Tokyo

After pushing further ahead in the early stages, the market turned back on profit-taking to leave stocks lower for choice on balance. Business volume remained moderate, totalling 240m shares (250m).

The Nikkei-Dow Jones Average, after briefly touching a new record peak of 6,491.68, receded to 6,465.66, down 16.90 on the day. Falls on the First Market section finally outscored rises by 394 to 257.

Oils led the subsequent retreat, with **Arabian Oil** losing Y70 to Y5,410, **Teikoku Oil** Y8 to Y789 and **Mitsubishi Oil** Y10 to Y325. Recently-selected Real Estates and Shipping Lines also finished with a predominance of declines.

Non-ferrous Metals rose initially, reflecting higher Overseas gold prices, but followed the later downtrend.

Export-orientated Light Electricals, Cameras and Vehicles closed mixed as fresh buying alternated with profit-taking. **Pioneer Electronic** gained Y40 to Y2,320, **Ricoh** Y14 to Y639 and **Toyo Kogyo** Y12 to Y505, but **TDK Electronics** shed Y30 to Y1,930 and **Olympus** Y3 to Y855.

Paris

Despite operators settling their positions ahead of the new monthly trading Account, which begins today, a good number of shares showed fresh strength yesterday, with the Bourse Industrials Index climbing 1.7 further to a new high for the year of 100.2.

The sharp fall of the dollar and sterling encouraged buying in certain sectors, dealings commented.

Banks, Foods, Motors, Engineering, Oils and Stores gained ground, while Real Estates, Financials, Constructions and Electricals were mixed and Rubbers, Chemicals and Metals were mainly steady.

Generale Occidentale advanced FFr 16.50 to FFr 323, **Bouygues** FFr 17 to FFr 554 and **Michelin "B"** FFr 33 to FFr 934.

Vallource, however, after first-half results, weakened FFr 3.10 to FFr 118.

Radiotechnique lost FFr 9.40 to FFr 345.50 on announcing lower consolidated and parent company first-half profits.

Germany

Moderate institutional selling set in after an early fresh market improvement, leaving most stocks easier on the day. The Commerzbank index shed 1.3 to 769.2.

In Chemicals, **Schering** stood out with a fall of DM 2.50. **Deutsche Bank** receded DM 1.50, while among Motors, **BMW** lost DM 2.50 and **Volkswagen** DM 1.50.

Mannesmann declined DM 2 in Engineerings, but **Degussa** found fresh favour, advancing DM 3.50.

Public Authority Bonds rallied by up to 20 pfennigs, with the Bundesbank selling DM 42.7m nominal of paper, against Wednesday's sales of DM 9.8m. Mark Foreign Loans were well maintained.

Australia

With markets continuing to consolidate their positions after the recent strong performance, shares again showed no clear overall trend yesterday.

Market leader **BHP** featured with an early rise of 20 cents, but later lost that amount to close unaltered on balance at A$10.20 after reporting drilling problems in the Resolution No 1 well.

The stock goes ex-rights today. BHP supporters have just been reminded that the company has a halfshare in a very rich gold mine in Western Australia, the Telfer, which is operated by *Newmont Mining*.

Gold issues, however, mainly reacted, with some changes in terms of trade on the local Gold Futures Exchange having a marked effect on share market business. On Wednesday, the Futures brokers announced that the deposit per contract of 50 ozs of gold would go up immediately from A$1,000 to A$1,500 and this would apply to all open positions, not just to new contracts. Most holders of open positions elected to pump in the extra cash and it seemed that this prompted some liquidation of share market holdings. **Poseidon** declined 5 cents to A$1.20, **GMK** 8 cents to A$2.15, **Emperor** 12 cents to 83 cents and **Bougainville Copper** 5 cents to A$2.30.

MIM, in contrast, moved ahead 12 cents more to a new high for the year of A$4.12, still responding to record silver prices.

Uraniums were in firmer fettle, with **Kathleen Investments** advancing 12 cents to A$5.02 on better-than-expected interim profits and dividend resumption. **Peko-Wallsend** climbed 10 cents to A$6.30

Elsewhere, **Western Collieries** rose 26 cents to the CSR bid price of A$6.00, while **CSR** added 5 cents at A$4.30 on a proposal to adjust the domestic price for sugar to compensate for any falls in the international price.

Hong Kong

With funds returning from the nervous gold market, shares were inclined to gain ground in fairly active dealings. The Hang Seng index put on 5.54 to 612.34.

Hutchison Whampoa advanced 25 cents to HK$5.50 ahead of today's interim results, expected to be good following favourable reports this week by subsidiaries such as Hutchison Properties and Hutchison Boag.

However, the recent rise of **Jardine Matheson** ended and profit-taking caused a 20 cents setack to HK$11.90.

Properties again found favour, **Hong Kong Land** adding 10 cents at HK$9.45, **Cheung Kong** 20 cents at HK$14.60 and **Sun Hung Kai Properties** 20 cents at HK$12.90. **Hong Kong Bank** was also in demand, rising 30 cents to HK$13.90, possibly because it has not featured much in the gains of recent days

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Sept. 19	Sept. 18	Sept. 17	Sept. 14	Sept. 13	Sept. 12	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	876.45	874.15	881.81	[illegible]	870.75	870.38	[illegible] (21/8)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] (15/2)	[illegible] (8/5)	—	—
Transport.	[illegible]	[illegible]	265.17	[illegible]	[illegible]	[illegible]	271.77 (15/8)	[illegible] (27/2)	[illegible] (7/2/69)	[illegible] (8/7/32)
Utilities	[illegible]	[illegible]	107.17	[illegible]	107.40	108.16	[illegible]	[illegible] (15/8)	163.32 (20/4/69)	[illegible] (28/4/42)
Trading Vol 000's	36,440	39,860	37,[illegible]	42,[illegible]	35,090	3[illegible],560	—	—	—	—

◆ Day's high 886.66 low 870.39

	Sept. 14	Sept. 7	Aug. 31	Year ago (approx)
Ind. div. yield %	5.65	5.67	5.58	5.39

STANDARD AND POORS

	Sept. 19	Sept. 18	Sept. 17	Sept. 14	Sept. 13	Sept. 12	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	[illegible]	[illegible]	121.37	121.25	120.16	120.07	121.57 (21/8)	107.08 (27/2)	[illegible] (11/1/73)	3.52 (30/6/32)
§Composite	[illegible]	108.00	109.04	108.76	107.85	107.92	109.[illegible] (21/8)	98.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 12	Sept. 5	Aug. 22	Year ago (approx)
Ind. div. yield %	5.05	5.12	4.98	4.82
Ind. P/E Ratio	7.74	7.87	8.40	9.28
Long Gov. Bond Yield	9.11	9.11	8.96	8.33

N.Y.S.E. ALL COMMON

Sept. 19	Sept. 18	Sept. 17	Sept. 14	1979 High	1979 Low
61.76	61.82	62.09	62.08	62.40 (31/8)	53.88 (27/2)

Rises and Falls

	Sept. 19	Sept. 18	Sept. 17
Issues Traded	1,878	1,906	1,901
Rises	687	358	650
Falls	720	1,147	795
Unchanged	488	401	456
New Highs	47	46	104
New Lows	38	46	18

MONTREAL	Sept. 19	Sept. 18	Sept. 17	Sept. 14	1979 High	1979 Low
Industrial	310.76	310.46	312.54	312.86	312.86 (14/9)	218.19 (2/1)
Combined	298.49	296.82	300.21	300.88	300.38 (14/9)	225.90 (2/1)
TORONTO Composite	1721.9	1716.1	1729.9	1731.9	1731.9 (14/9)	1316.8 (2/1)
JOHANNESBURG Gold	352.8	[illegible]	[illegible]	[illegible]	[illegible] (18/9)	[illegible] (17.4)
JOHANNESBURG Industrial	338.4	[illegible]	[illegible]	[illegible]	[illegible] (18/9)	[illegible] (2/1)

	Sept. 20	Previous	1979 High	1979 Low
Australia (¶)	671.85	671.28	676.77 (17/8)	545.72 (2/1)
Belgium (‖)	105.16	105.46	109.00 (5/7)	98.90 (3/1)
Denmark (**)	96.23	95.95	97.46 (26/7)	88.38 (8/1)
France (††)	100.2	98.5	100.2 (20/9)	71.8 (15/8)
Germany (‡‡)	769.2	770.5	830.5 (16/1)	719.4 (7/6)
Holland (§§)	73.6	74.1	85.9 (24/1)	71.3 (7/6)
Hong Kong (¶¶)	612.34	606.80	635.78 (13/8)	495.85 (2/1)
Italy (‖‖)	66.44	66.16	68.62 (31/8)	68.38 (2/1)
Japan (a)	455.56	456.28	462.07 (31/1)	435.13 (15/7)
Singapore (b)	402.80	398.88	405.30 (17/8)	346.34 (26/2)
Spain (d)	91.11	91.16	111.96 (8/3)	91.07 (14.9)
Sweden (e)	[illegible]	356.82	401.34 (6/2)	353.89 (20/9)
Switzerland (f)	320.4	318.9	329.1 (3/9)	294.0 (2/1)

Indices and base dates (all base values 100 except NYSE All Common — 50: Standards and Poors—10; and Toronto 300—1,000: the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Howard Johnson	1,293,300	21⅛	−1
Charter Co.	512,300	47⅝	+4⅝
Pittston	480,600	29⅞	+⅞
Mobil	441,100	51⅛	+1⅛
IBM	396,300	67⅝	−⅛
Trans World	372,300	28⅞	−⅞
Am. Tel. & Tel.	360,500	55⅝	−⅛
W. R. Grace	344,500	39⅝	+⅞
Firestone Tire	307,000	10	+⅛
F. W. Woolworth	301,200	29⅛	+⅛

NEW YORK

Stock	Sept. 19	Sept. 18
Abbotts Lab.	38	37
AM International	17¼	17
Adobe Oil & Gas	36⅛	35¾
Aetna Life & Ca.	32⅞	32½
Air Products	32⅜	32⅝
Alcan Aluminium	39¼	39⅝
Alcoa	57¼	56⅝
Alleg. Ludlum	24⅞	25¼
Control Data	47⅜	47
Cooper Indus	57⅜	56⅞
Corning Glass	60¼	60⅛
CPC Int'rnation'l.	54⅛	54⅞
Crane Co.	35¾	35⅜
Crocker Natl.	33	32¾
Crown Zellerb'h.	37⅞	39⅛
Cummins Engine	33¾	33⅜
Curtiss Wright	16½	16¼
Johns Manville	26	25¼
Johnson Johnson	74	74
Johnson Control	27⅛	27⅛
Jostens	19½	19⅝
Joy Manufacturg	31¼	31¼
K. Mart	27⅛	27⅛
Kaiser Aluminum	20¼	20⅝
Kaiser Industries	2¼	2¼
Kaiser Steel	38¼	38¼
Kanab Services	18⅞	18¾
Revlon	51	50⅞
Reynolds Metals	36⅛	36⅜
Reynolds (R.J.)	65¼	65
Rich'son Merrell	24	24
Rockwell Inter	42⅞	43
Rohm & Haas	46⅛	46¼
Rolm	32⅛	31¾
Royal Dutch	73⅞	73⅝
RTE	10¼	10¼
Ross Togs	10¼	10¼
Williams Co.	24	23¾
Wisconsin Elect.	25⅛	25⅛
Woolworth	29¼	28⅞
Wyly	5⅞	5⅞
Xerox	65⅜	65⅛
Zapata	23	22⅞
Zenith Radio	12⅜	12¾
U.S. Treas. 4% 80	†97⅛	†97
USTreas4¼% 75/85	†79⅞	†80⅞
U.S. 90 day bills	10.22%	10.37%

CANADA

Stock	Sept. 19	Sept. 18
Texaco Canada	81¾	81½
Toronto Dom. Bk.	24⅜	24⅝
TransCan Pipe Ln	23½	23¾
TransMount Pipe	10¼	—
Trizec	—	25⅛
Union Gas	11⅛	11⅛
Untd Siscoe Mnes	13½	12⅞
Walker Hiram	50⅝	51¼
West Coast Trans	15¼	15¼
Weston (Geo.)	25⅛	26¼

† Bid. ‡ Asked. § Traded. ‖ New stock.

Stock	Sept. 19	Sept. 18
Wallace-Murray	25⅝	26
Warner-Commn	41⅝	41¼
Warner-Lambert	22⅝	23
Waste-Man.ment	37¼	36⅜
Wells-Fargo	30¼	30½
WesternBancorp	33½	33⅛
Western N.Amer.	45¾	47⅜
Western Union	20⅞	20⅞
W'stinghse Elec.	20⅛	20⅞
Weyerhaeuser	32⅞	32⅝
Whirlpool	21⅝	21¾
White Con Ind	26	26

GERMANY ◆

Sept. 20	Price DM.	+ or −	Div. %	Yld. %
AEG	48.1	−0.4	—	—
Allianz Versich.	474	−5	31.2	3.2
BHF-BANK	208	+2	28.12	6.8
BMW	178.5	−2.5	28.12	7.9

TOKYO ¶

Sept. 20	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	395		14	2.0
Canon	597	+1	12	1.0
Casio	790	−5	25	1.6
Chinon	357	+3	20	3.0
Dai NipponPrint	564	+2	18	2.0

BASE LENDING RATES

A.B.N. Bank	14 %
Amro Bank	14 %
American Express Bk.	14 %
Henry Ansbacher	14 %
A P Bank Ltd.	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000, 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

C=Call P=Put

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ♠

COPENHAGEN ♣

VIENNA

MILAN

PARIS

BRAZIL

SPAIN ♥

Financial Rand U.S.$0.85¾ (Discount of 26¼%)

COMMODITIES AND AGRICULTURE

EEC butter export plan approved

BRUSSELS — The Common Market Commission has approved a proopsal to license butter exports from the Community, it was announced yesterday.

The scheme, proposed by Agriculture Commissioner Finn Olav Gundelach, will be submitted to the EEC's management committee for dairy products before being finally adopted.

The decision to introduce licences follows a political row over subsidised butter from the Community's surplus stocks being sold to the Soviet Union.

But Mr. Gundelach said earlier that it is cheaper to sell the butter off than to pay to keep it in warehouses.

The Commission said that licences will be granted automatically, just as they are for cereal exports, but the system will enable the commission to keep up to date records of butter sales.

● Britain's farmers yesterday *demanded a further 5 per cent* devaluation of the Green Pound, which would raise the price the housewife has to pay for food. The Green Pound is the artificial exchange rate used to translate EEC farm prices into sterling.

They also urged the Government to pay them more for milk.

Mr. Richard Butler, president of the National Farmers Union, said in London that some sectors of British agriculture "have been brought close to financial disaster by the way in which the Green Pound system has been used."

"There have to be adequate prices to meet the cost-inflation we face," he said.

He said the gap between the Green Pound and sterling had widened to about 10 per cent.

Pakistan cotton surplus put at 2m bales

KARACHI—Pakistan will have an exportable surplus of cotton of 2m bales during the current crop season which started on September 1, the newspaper Dawn reported.

It said the current year's crop will yield about 4m bales, 400,000 more than the Government estimate, and a further 400,000 bales of cotton are estimated to have been carried over from last season.

Reuter

French challenge UK fishing fines

PARIS — France will lodge a complaint with the European Court of Justice against British sanctions on shrimp fishermen from Brittany operating in British waters, French transport minister M. Joel Le Theule said yesterday, reports Reuter

"The French Government will file a complaint against Britain's unilateral move which is inconsistent with the EEC treaty," he said.

On Tuesday, M. le Theule cancelled a meeting with Mr. Peter Walker, agriculture and fisheries minister after protesting over fines imposed on Breton shrimpers for using nets which Britain considers to have too small a mesh.

Two French trawlers fishing for shrimps off the South Wales coast were boarded by British coastguards last week and their captains subsequently fined £250 each by magistrates.

The minister announced the complaint action after conferring with Common Market agricultural commissioner Finn Olav Gundelach on EEC fisheries policy.

He also met a delegation of Breton fishermen who said they would not sail again until they received compensation for losses incurred.

Our commodities staff writes: In London meanwhile Ministry of Agriculture officials said Mr. Walker had written to M. Le Theule pointing out that the rules under which the shrimpers were arrested had been in force since 1965 and had not been imposed unilaterally after Britain joined the Common Market.

He said Britain's rules on net mesh size were no more illegal than those the French used to protect their lamb market.

Mr. Walker said he regretted that the French were not taking part in bilateral talks on the revision of the EEC common fisheries policy.

The officials said Britain had recently been involved in fisheries talks with all EEC members except France and the Irish Republic. Talks with Irish fisheries representatives were planned for today, they added.

Big grain shortfall in Eastern Europe

BY LESLIE COLITT IN BERLIN

EASTERN EUROPE this year, apart from the Soviet Union, will have to import 6m tonnes of grain more than last year from the West because of bad harvests in Poland and Czechoslovakia.

West Germany's leading grain dealer, Alfred C. Toepfer, which also supplies East European countries, says in its monthly market report that Poland's grain harvest is down 19 per cent while Czechoslovakia's has fallen by 18 per cent.

Only East Germany, among the Comecon grain importers, has had a good harvest.

The Toepfer report says Soviet grain imports in 1979-80 could run to at least 30m tonnes and that American deliveries during the fourth year of the Soviet-U.S. grain agreement, beginning October 1, will "certainly exceed 15m tonnes and necessitate new consultations between the two countries."

The USSR, it notes, has so far bought 3m tonnes of grain each from Canada and Australia and it says that further purchases there and other countries are likely.

Grain traders in Hamburg, which is the transhipment point for grain bound for Eastern Europe, note that Poland may not be able to import its actual fodder requirements because of hard currency shortages and that it may have to slaughter cattle.

However, Poland has had an above-average potato harvest so that to some extent potatoes can be used as animal feed.

East Germany's grain harvest matches last year's results because of favourable weather conditions compared with spring flooding and summer wetness in Poland and Czechoslovakia. East Germany is not expected to import more than the 3m tonnes of grain it took last year, mainly from the U.S.

Cocoa hit by fall in dollar

By Our Commodities Staff

THE CONTINUED weakness of the dollar encouraged a sharp decline in cocoa futures prices on the London market yesterday. The December quotation ended near the day's lows at £1,486 a tonne, £50.5 on the day.

Having opened lower, in line with the overnight tone in New York, prices held fairly steady during the morning when selling pressure was well absorbed by commission house buying and trade covering against earlier "short sales."

But the decline gathered pace as this support dried up during the afternoon.

Accra radio reported meanwhile that Ghanaian commercial banks have agreed to extend credit facilities to the country's cocoa farmers.

The scheme is aimed at providing funds to help farmers operate during the cocoa off-season and to enable them to rehabilitate their farms.

In Santo Domingo, the Dominican Republic's agriculture ministry said, one-third of the country's cocoa plantations were affected by hurricane David and tropical storm Frederic which battered the country earlier this month, reports Reuter.

The Ministry said of 94,000 hectares of cocoa plantations, 33,000 hectares were affected, and 82,314 quintals of cocoa worth $18.4m were lost.

Lead advance slows down

By Our Commodities Editor

LEAD PRICES advanced again on the London Metal Exchange yesterday on expectations of renewed Soviet buying and forecasts of a steep fall in warehouse stocks.

However, the cash lead price, after reaching a peak of more than £563 in early trading, fell back in the afternoon as the dollar weakened against sterling to close only £7 up at £555.5 a tonne.

The fall in the dollar turned early gains in copper and zinc to small losses by the afternoon close. However, tin prices remained buoyant on fears of a renewed supply squeeze and cash tin closed £130 higher at £7,120 a tonne.

SILVER MARKET

Mystery behind the boom

BY DAVID LASCELLES IN NEW YORK

IT WOULD be no exaggeration to describe the U.S. silver markets as chaotic during the last few days. Since September 1, the price of silver in New York and Chicago has gone up by more than 50 per cent, on many days silver futures contracts have risen the full allowable limit shortly after the opening of trading. And few people care to predict how or when it will all end.

Trading floors abound with rumours and speculation as to the reasons. Some people blame heavy Arab buying, others the scheming of mysterious speculators. It is even suggested that the strong possibility that Senator Edward Kennedy will now run for the Presidency and fuel inflation with his Liberal policies has encouraged the rise.

Amid all the confusion, some pattern is discernible. About a month ago, strong buying developed from a narrow quarter yet to be identified. Traders say it could have originated in the Middle East, but could equally well be a small group of determined European or American investors.

This buying quickly pushed the price of silver to levels which the market considered unrealistic, so a large number of traders went short. However, buying demand persisted, and the market achieved an unexpected momentum.

Traders with short positions were eventually forced to get out by buying. But by then the small speculators who account for much of the market's liquidity had pulled out in fear. Supply dried up, but demand remained very strong. Hence the highly unusual trading patterns of the last few days, with very strong pressure on the buy side, comparatively low turnover, and a high level of open interest. And, as one Chicago dealer said yesterday "the story is not yet over."

The likelihood of further sharp rises in the silver price is based on two things: First, that most demand in the past few days has been in the form of short covering—there has been little accumulation of silver which could subsequently be sold, depressing the price.

Second, the mysterious buyers are unlikely to sell since to do so would only knock the bottom out of the positions they have so painstakingly built up.

This is not to say that the market expects silver to keep soaring, rather, it has yet to discern what circumstaces could bring the recent rise to an end.

The one point on which the silver market has little doubt is that the rise in the metal's price has helped up the price of gold, and not vice versa. The price ratio of silver to gold haas started to narrow recently, indicating that silver is more dynamic than gold. The interreaction of the gold and silver markets is also discernible in New York where silver trading stops at 2.15 pm and gold at 2.30 pm. In the brief 15-minute spell between the two, gold occasionally sheds some of its gains, deprived of the motor power of silver.

The authorities have viewed recent events on the silver markets with some concern. Both the Comex in New York and the Chicago Board of Trade have sharply raised the margin requirements for futures trading in silver. This did little to slow the surge in the silver price. Rather the opposite: It increased pressure on traders with short positions to cover them, thereby increasing demand. However, ultimately these measures should restore some order to the market by reducing open interest.

The Commodity Futures Trading Commission, the Washington watchdog of the futures markets, has said it is keeping a close eye on the situation, though for the time being it expects the markets to regulate themselves.

Whatever technical factors may have been responsible for silver's rise in the past few weeks, it may also be seen in the context of investors' flight from paper securities and currencies. A steady migration has been visible for some time now, and so long as inflation in the U.S. persists at its 13 per cent plus rate, this is bound to remain a significant factor in the precious metals markets.

Loss fears in London

BY JOHN EDWARDS, COMMODITIES EDITOR

IT IS GENERALLY agreed in London that the U.S. markets where the recent surge in silver started still hold the initiative. There are many theories about the boom and one is that Nelson Bunker Hunt, the Texan oil billionaire, who tried to corner the silver market some years ago is behind the latest rise.

Bunker Hunt is always blamed for any out-of-the-ordinary move in the silver market, and there is little evidence except that the Dallas branch of a big commission house is said to have been a big buyer.

Another popular theory in London is that a big Chicago syndicate, seeing that the market was technically vulnerable, made the initial move and succeeded beyond its wildest dreams. This is based mainly on the fact that there has been some extremely professional manoeuvrings in the silver market of the type often used to manipulate grain prices.

But whoever is responsible, the main concern in London now is what is going to happen when the bubble bursts. Many companies are already rumoured to be in serious financial difficulties on both sides of the Atlantic as a result of the unprecedented rise in prices. Cash-flow problems could be serious for many traders, especially those trying to take advantage of price differentials between the London and New York markets.

Although a purchase in London should in theory offset a sale in New York there is a different financial structure. In New York any margin shortfalls have to be paid up each day, but the offsetting profits made in London are not available until the delivery date falls due.

At the same time there are reports of heavy losses either by brokers, who were convinced silver prices would fall or as a result of being unable to call up clients' margins sufficiently quickly. One company, unwise enough to grant silver options, has already been forced into voluntary liquidation and it is feared others might well follow.

HK plays down 'problem'

BY PHILIP BOWRING

THE CHINESE Gold and Silver Exchange Society, which handles Hong Kong's massive gold trade turnover, closed ranks today in the face of widespread reports that one of its member companies had been unable to meet its obligations as a result of losses on the silver market.

The Exchange admitted that there had been a "domestic" problem but this had been settled by members and there was nothing more to be said. The sum involved is believed to have been about HK$ 12m (about £1.1m).

Coincidentally, Mr. Woo Hon Fai, Exchange chairman, announced that margin requirements to carry over positions from one day to the next—the basis of the Exchange's complicated forward trading system—was being increased.

The incident is unlikely to shake seriously confidence in the Exchange or throw doubt on the ability of its members, many of whom are extremely rich, to rescue any defaulter. But it could weaken the Exchange's position in its fight to prevent the ailing Hong Kong Commodities Exchange to add gold to the list of items which are spasmodically traded there.

The Chinese gold and silver exchange is a tight and secretive organisation which conducts its business in Cantonese, using the traditional Chinese weight, the Tael, and dealing Hong Kong dollars. Notwithstanding its archaic aspects, it trades more gold than any exchange outside Europe.

India denies export plan

NEW DELHI — The Indian Government is not considering the export of silver, a spokesman said. He was commenting on Indian Press reports the Government was reconsidering its silver policy.

Sources at the State Trading Corporation said the Government has so far permitted the export of less than half the 36 tonnes of silver held up when the export ban came into effect in February.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on balance on the London Metal Exchange. After trading erratically throughout the day reflecting the sharp fluctuations in sterling and the dollar, forward metal rallied from around £916 to touch £926, aided by the strong recovery in gold, to close the late kerb at £924.5. Turnover 17,050 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	921-2	+13.5	917.8	−4.5
3 months	920.1	+15	917.8	−5
Settlem't	922	+13.5	—	......
Cathodes				
Cash	897.8	+11	892.5	−7.5
3 months	898-900	+12.5	897.8	−2.5
Settlem't	898	+11	—	......
U.S. Smt.	—	......	*90	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £924, 22, three months £923, 26, 25, 24, 20, 19, 18, 17, 16, 17, 18, 19, 20, 21. Kerb: Wirebars, three months £920. Afternoon: Wirebars, three months £921, 20, 18, 19, 18, 17, 18, 17, 16, 17. Cathodes, cash £893, 92. Kerb: Wirebars, three months £922, 23, 24, 25, 26, 25, 24.5, 25, 24.

TIN—Firmer. A rise at Penang coupled with the initial downturn in sterling saw forward metal move up from £6,980 to £7,070 with stop-loss buying being triggered as the price moved through the £7,000 level. A strong demand for cash material widened the backwardation to around £70. Hedge selling pared the price to around £7,020 in the afternoon, but it rose afresh to close the late kerb at £7,060. Turnover 1,320 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7070-80	+187.5	7110-30	+50
3 months	7015-35	+87.5	7050-70	+100
Settlem't	7080	+140	—	......
Standard				
Cash	7070-80	+135	7110-30	+50
3 months	7015-25	+87.5	7050-5	+100
Settlem't	7080	+135	—	......
Straits E.	‡1931	+8		......
NewYork	—	......		......

Morning: Standard, cash £7,070, 50, 60, 70, three months £7,060, 55, 50, 25, 20, 25, 20, 10, 20. Kerb: Standard, three months £7,020, 15. Afternoon: Standard, cash £7,080, 7,110, three months £7,020, 30 40 50 60 55. Kerb: Standard cash £7100 20 three months £7,060 70, 6.

LEAD—Advanced. Forward metal rose from £550 on the early pre-market to touch £563 in the rings following Commission House buying, chartist buying and borrowing of cash which widened the backwardation to around £8. Trade selling and profit-taking pared the price to £550 on the morning kerb. In the afternoon a fresh surge in gold brought out renewed buying of lead which moved up to £560 before easing to close the late kerb at £558. Turnover 10,300 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	562.5-3.5	+18.5	555-6	+7
3 months	557-8	+15	555-6	+8
S'ment	563.5	+18.5	—	......
U.S. Spot	—	......	*58	......

Morning: Cash £564, 65, 66, 65, 64, 63, three months £562, 61, 60, 59, 57. Kerb: Three months £555, 56. Afternoon: Three months £559, 58, 54, 52, 53, 55, 56, 57, 56. Kerb: Three months £557.

ZINC—Easier. Forward metal rose to £354 on the pre-market, influenced by the sharp rise in lead, but subsequently fell away on profit-taking to close the late kerb at £344. Turnover 8,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	339-40	+3.75	332-3	−3.5
3 months	348-9	+4	341-2	−3.5
S'ment	340	+4	—	......
Prim w'st	—	......	*35-7	......

Morning: Three months £352, 54, 52, 50, 48, 46. Kerb: Three months £349. Afternoon: Three months £344, 43, 42. Kerb: Three months £344, 45, 46, 45, 44, 45.

ALUMINIUM — Barely changed on balance: Forward metal rose strongly in the morning to touch £740, mainly owing to the fall in sterling. However, profit-taking pared the price to £730 in the afternoon before short-covering prompted a close of £735 on the late kerb. Turnover 4,250 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	739-40	+5	734-5	−2
3 months	755-6	+5	730-1	−1

Morning: Cash £739, three months £739, 38, 38.5, 39, 38.5, 37, 36. Kerb: Three months £735. Afternoon: Three months £732, 30. Kerb: Three months £736.

NICKEL—Very quiet with forward metal moving in a £15 range before closing the late kerb at £2,675. Turnover 306 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2620-50	−12.5	2640-60	+29
3 months	2670-80	−5	2670-80	−4

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,680, 70, 60, 70. Afternoon: Cash £2,660, three months £2,670. Kerb: Three months £2,670.

SILVER

Silver was fixed 39.3p an ounce higher for spot delivery in the London bullion market yesterday at 761.4p. U.S. cent equivalents of the fixing levels were: spot 1,650.0c, up 102.0c; three-month 1,683.2c, up 105.7c; six-month 1,718.7c, unp 106.7c; and 12-month 1,792.3c, up 130.9c. The metal opened at 685-735p (1,475-1,575c) and closed at 750-800p (1,625-1,725c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	761.40p	+39.3	744.5p	+46.0
3 months	784.40p	+41.3	796.0p	+77.5
6 months	799.40p	+42.3	—	......
12months	839.40p	+54.3	—	......

LME—Turnover 155 (149) lots of 10,000 ozs. Morning: Three months 790, 85, 80, 70, 75, 74. Kerb. Three months 774, 76, 78, 85. Afternoon: Three months 760, 65, 70, 90, 92, 95, 94, 96, 97. Kerb. Three months 779, 95, 800, 802, 3, 2.

COCOA

The London market opened firmer than anticipated as Continental buyers took advantage of strong exchange rates against Sterling. Values traded quietly in a narrow range during most of the morning, but as Sterling gained ground in the afternoon sellers became more active. Long liquidation eventually pushed the May position limit-down. Continued selling as the market reopened depressed values further and the market closed £30 to £65 down from last night's levels, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sept	1427-1430	−32.5	1464-1426
Dec	1485-1487	−50.5	1528-1485
March	1510-1511	−61.5	1560-1510
May	1527-1530	−65.0	1562-1526
July	1548-1550	−58.5	1601-1548
Sep	1568-1575	−63.5	1620-1600
Dec	1610-1615	−32.5	—

Sales 7,765 (1,836) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Sept. 19 147.73 (148.82), indicator price Sept. 20: 15-day average 145.F (145.19); 22-day average 145.27 (145.06).

COFFEE

Robustas tended easier during the morning session with prices once again locked in a tight range throughout, reported Drexel Burnham Lambert. The afternoon was fairly active and some late trade buying contributed towards a minor rally with values reaching the daily highs.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
September	1842-1846	−18.5	1844-1835
November	1875-1878	−7.5	1879-1867
January	1888-1890	−8.5	1895-1877
March	1849-1850	−6.0	1855-1851
May	1835-1841	−11.5	1829-1814
July	1821-1851	−18.5	—
Sept	1810-1830	−18.5	—

Sales: 3,554 (2,576) lots of 5 tonnes. ICS indicator prices for September 19 (cents per pound): Other Mild Arabicas 206.50 (207.00). Robustas ICA 1976 189.50 (190.00). ICA 1968 189.75 (190.25). Unwashed Arabicas 210.00 (same). Comp. daily ICA 1968 204.75 (205.00).

GRAINS

LONDON GRAIN FUTURES — The market opened 30 lower on wheat and 35 lower on barley and found strong selling from country and commercial sources, and values on wheat moved 1 point to 50 points lower with particular pressure on the November option. At the lows, there was a fair amount of short-covering and support from wheat/barley spreaders, and values improved from the lows but closed between 10-40 lower with the deferred options in demand. Barley was the weaker component of the market today and values dipped to 60 lower although once again the deferred options found good support from short covers and hedge buying in the face of strong commercial selling, and values closed between 35-55 points lower, reported Acli.

WHEAT Mnth.	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	93.30	−0.40	90.10	−0.55
Nov.	95.60	−0.55	92.50	−0.45
Jan.	99.70	−0.10	96.55	−0.40
Mar.	102.90	−0.20	99.75	−0.35
May	106.20	−0.10	102.75	−0.55

Business done—Wheat: Sept. 93.55-93.40, Nov. 95.70-95.45, Jan. 99.70-99.60, March 102.85-102.60, May 106.15-105.30. Sales 263 lots of 100 tonnes. Barley: Sept. 90.40-90.10, Nov. 92.55-92.35, Jan. 96.60-96.35, March 99.80-9.55, May 102.80-102.55. Sales 251 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent. Sept. 101.65, Oct. 101.90, Nov. 102.90, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Oct. 102.90, Nov. 104.65, transhipment East Coast. EEC unquoted. Maize: U.S./French Sept. unquoted, Oct.-Dec. 110.50, transhipment East Coast. S. African White unquoted. S. African Yellow Sept.-Oct. 82.50 nominal. Barley: English Feed fob Oct. 93, Oct.-Dec. 95.50, Jan.-March 101, East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat: S. East 98.80, S. West 96.10, N. West 95.10. Feed barley: S. East 90.40, S. West 97.70, W. Midlands 86.70, N. West 89.00.

The UK Monetary Coefficient for the week beginning Monday, September 24, will increase to 1.065.

RUBBER

The London physical market opened unchanged, with erratic conditions, throughout the day, closing uncertain. Lewis and Peat reported a Malaysian godown price of 278 (same) cents a kg (buyer, October).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Oct.	61.50-61.90	61.40-61.80	61.90
Nov.	62.50-62.80	62.40-62.80	—
Oct-Dec	62.80-62.90	62.50-62.60	63.20-62.50
Jan-Mar	66.05-66.15	65.75-65.80	66.50-65.75
Apr-Jne	68.45-68.50	68.00-68.05	68.50-68.10
Jly-Sept	70.95-71.00	70.40-70.50	71.20-70.90
Oct-Dec	73.50-73.55	72.90-73.00	—
Jan-Mar	76.00-76.10	75.45-75.55	75.80-75.60
Apr-Jne	78.45-78.55	77.85-78.00	78.40-78.20

Sales: 311 (350) at 15 tonnes 8 at 5 tonnes.

Physical closing prices (buyer) were: Spot 61.25p (60.75p), Oct. 64.25p (64.00p); Nov. 65.25p (65.00p).

SOYABEAN MEAL

The London market opened slightly easier but found commercial support at lower levels, reported T. G. Roddick. Fairly active trade in beans on the Continent gave the market steady tone and prices finished on highs showing small gains.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
October	118.20-18.5	−0.85	118.50
December	122.00-22.2	+0.45	122.10-120.90
February	124.80-24.7	+0.30	[illegible]
April	[illegible]	+0.75	125.80-25.80
June	126.50-27.0	+0.85	—
August	128.00-30.0	+0.75	—

Sales: 87 (73) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £117.00 (same) a tonne cif for Sept., Oct., Nov. shipments. White sugar daily price was £128.00 (£126.00).

First trades were up to 100 points above kerb levels but the highs were soon lost. Later prices declined further following a "sell" recommendation from a major commission-house and the market closed at the lows of the day, some 150 points below the best levels, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	121.50-21.75	123.75-23.88	124.50-21.75
Dec.	124.30-24.50	125.15-25.25	126.50-23.25
March	128.50-28.55	128.50-28.55	130.60-27.00
May	131.90-31.45	132.25-32.40	135.00-30.00
Aug.	135.50-35.95	136.25-36.40	137.30-35.85
Oct.	139.40-39.50	140.25-40.40	141.25-38.25

Sales: 4,310 (4,887) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £189.50 (£189.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Sept. 19. Daily price 9.93 (10.06): 15-day average 9.82 (9.78).

LONDON WHITE SUGAR—Close (in order, buyer, seller, business, sales). Nov. 127.10, 127.20, 128.00-126.00, 101; Feb. 132.40, 132.50, 134.40-132.25, 347; April 135.60, 135.85, 137.50-135.50, 22; July 138.00, 140.00, nil, nil; Sept. 141.00, 144.00, nil, nil; Nov. 144.00, 145.00, nil; Feb. 142.00, 150.00, nil, nil. Sales 470.

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only). Oct. 218.0, 233.0; Dec. 218.0, 238.0; March/May/July/Oct./Dec./March 228.0, 238.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). Oct. 180.0, 185.0, nil, Dec. 190.0, 200.0, 195.0, 10; March/May/July/Oct./Dec./March 190.0, 200.0, nil, nil. Sales 10.

BRADFORD WOOL—Prices are still mainly affected by currency fluctuations which have produced increased quotations, dealers said. Primary market reports indicate a similar direction for wool costs. Business remains patchy though there is naturally more keenness to keep requirements very fully covered.

Reuter

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 20 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710/50
Free Mkt (cs)	$1575/1595	+11.0	$1510/50
Copper			
Cash w'bar	£917.5	−4.5	£883
3 mths	£917.5	−3.0	£883.25
Cash Cathode	£892.5	−7.5	£847
3 mths	£897.5	−2.5	£866
Gold troy oz	$385.5	+15.5	$309.875
Lead cash	£555.5	+7.0	£527.25
3 mths	£555.5	+8.0	£526.5
Nickel	£2959	......	£2,864
Freemkt(cif (lb)	260/270c	−2.5	255/265c
Platin'mtr'y oz	£181.0	......	£166.5
Free mkt	£218.5	+12.05	£185.25
Quicksil'ver	$295/310	......	$290/310
Silver troy oz	761.40p	+39.3	425.85p
3 months	784.40p	−41.3	456.45p
Tin Cash	£7,120	+130	£6552.5
3 mths	£7,052.5	+100	£6612.5
Tungsten	$140.73	......	$143.12
Wolfrm 22.04cif	$143/148	......	$143/148
Zinc cash	£332.5	−3.5	£277
3 months	£341.5	−3.5	£288.5
Producers	$780	......	$780
Oils			
Coconut (Phil)	$940.0v	......	$1,015
Groundnut	‡		‡
Linseed Crude	£453	−2	£415
Palm Malayan	$640.0x	+5	$650
Seeds			
Copra Philip	$610y	−2.5	$680
Soyabean(U.S.)	$298.65z	......	$307.0
Grains			
Barley Futures	£92.50	−0.45	£91.55
Maize			
French No3AM	£110.50r	......	£108.5
Wheat			
No. 1 Red Spg.	‡		‡
No2HardWint.	£102.90z	−1	£101.5
Eng. Millingt	£95.0	......	£97.0
Other commodities			
Cocoa ship.t	£1,577	−50	£1,548
Future Dec	£1,486	−50.5	£1,467
CoffeeF't'r Nov	£1,877	−7.5	£1,822.5
Cotton A.Index	77.80c	+0.1	77.50c
Rubber (kilo)	[illegible]	+0.5	56.50p
Sugar (Raw)	£117.0	......	£103.0
Wooltp's 64s kl	275p	+3	272p

* Nominal. † Newcrop. ‡ Unquoted. r Sept. w Sept.-Oct. x Oct. y Oct-Nov. s Nov. z Indicator. § Buyer.

contract: Oct. 423.0, 425.0, 425.0-415.0, 69; Dec. 427.0, 428.0, 429.0-425.0, 137; March 442.0, 443.0, 445.0-437.0, 225; May 447.0, 449.0, 453.0-446.0, 215; July 448.5, 450.0, 453.0-447.0, 146; Oct. 452.5, 454.0, 453.0-448.5, 36; Dec. 453.0, 455.0, 455.0-452.0, 14; March 454.5, 455.0, 454.5-450.5, 11. Sales, 853.

COTTON

LIVERPOOL—No spot or shipment sales were recorded, leaving the total for the week at 370 tonnes. Buyers showed a marked reluctance to operate and business was static. Lack of enterprise among users meant that only limited interest was shown in African styles.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.0 to 65.0; Eire hindquarters 68.0 to 72.0, forequarters 43.0 to 45.0. Lamb: English small 54.0 to 60.0, medium 52.0 to 56.0, heavy 46.0 to 52.0; Scottish medium 52.0 to 56.0, heavy 46.0 to 52.0. Imported frozen: NZ PL 48.0 to 49.5, PM 47.0 to 48.0. Pork: English, under 100 lbs 38.0 to 47.0, 100-120 lbs 37.0 to 46.0, 120-160lbs 36.0 to 45.0. Grouse: Young best (each) 280.0 to 320.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—S. African: Valencias 4.00-5.20, Navels/Proteas 3.80-4.30; Brazilian: Peras 2.00-2.50, Valencia Lates 64/144 3.20-5.00. Lemons—Italian: 100/150s 5.00-6.50; Spanish: Trays 2.00-2.80; Turkish: 100/120s 6.00; Brazilian: half-boxes 4.00. Grapefruit—Dominican: 23/63s 8.50-9.50; Honduras: 36s 7.50; 48s 8.50; Jamaican: 27/64s 8.00-9.50; Argentine: 36/64s 7.00-9.00. Apples—French: Golden Delicious, new crop, boxes 40 lb 150/175 4.00-4.40; 20 lb 2.10-2.20; Jumble pack 31 lb 2.90; Granny Smith 20 lb 2.80-3.20; Tasmanian: Granny Smith 3.00; Spanish: Granny Smith 40 lb 6.00-6.20. Pears—Spanish: Williams per lb 0.16; French: Williams 28 lb 3.34; Italian: Williams per lb 0.18. Plums—Italian: Stanleys per lb 0.14. Grapes—Italian: Regina 10 lb 1.30-1.80; Spanish: Almeria 2.20, Black 2.40-2.50. Nectarines—Italian: C/B/As 5.50-6.50; French: Alphonse per lb 0.17. Bananas—Jamaican: Per 28 lb 4.20. Avocados—S. African: 3.60-4.30. Melons—Spanish: Yellow honeydew 10 kilos 5/14s 2.20-2.80, green 2.50-2.80. Onions—Spanish: 2.80-3.20; Dutch: 2.20-2.50. Tomatoes—Jersey: Per tray 1.00-1.30; Dutch: 1.40; Guernsey: 1.50. Cabbages—Dutch: White, net 2.30.

AMERICAN MARKETS

NEW YORK, Sept. 20.

THE STRING of limit advances in silver and gold has run its course. Gold sold off moderately while silver finished for a good gain. Grains and soyabeans were slightly higher on buying associated with inflationary psychology. Copper finished moderately higher after profit-taking resulted in a sharp selloff from the day's highs. Cocoa was in a major decline, finally yielding to trade and producer selling. Profit-taking in sugar and cotton resulted in small losses. Cattle futures continued lower on trade and local selling, while the entire pork complex was up on evening-up of positions ahead of the pig crop report. Coffee was mixed on speculative bear-spreading, Heinold reported.

Coffee—"C" Contract: Sept. 213.33 (217.00), Dec. 214.83 (212.08), March 200.89, May 197.75, July 195.94, Sept. 195.94, Dec. 193.85.

Copper—Sept. 87.15 (86.40), Oct. 87.15 (86.40), Nov. 87.30, Dec. 87.50, Jan. 87.65, March 88.10, May 88.70, July 88.85, Sept. 88.95, Dec. 89.05, Jan. 89.10, March 89.20, May 89.30, July 89.40.

*Platinum—Sept. 470.00 (450.00), Oct. 473.60 (453.60), Nov. —, April 477.40, July 480.80, Oct. 485.70, Jan. 489.70. Sales, 2,624.

Potatoes (round whites)—Nov. 62.5 (62.0), March 73.0 (72.5), April 82.4, May 89.9. Sales, 377.

¶Silver—Sept. 1540.0-1560.0 (1520.0), Oct. 1534.0 (1531.0), Nov. 1551.0, Dec. 1560.0-1600.0, Jan. 1608.0, March 1600.0-1610.0, May 1580.0-1620.0, July 1605.0, Sept. 1613.0, Dec. 1623.0, Jan. 1627.5, March 1635.0, May 1642.5, July 1650.0. Handy and Harman bullion spot 1685.00 (1512.00).

Tin—715.00-740.00 asked (695.00-735.00).

CHICAGO, Sept. 20.

Lard—Chicago loose 26.50 (same). New York prime steam 27.00 (same).

Live Cattle—Oct. 69.15-69.30 (69.65-69.22), Dec. 71.35-71.15 (71.50-71.25), Jan. 71.05, Feb. 70.15-70.25, April 70.85-70.65, June 71.90, Aug. 70.50-70.25, Oct. 69.85, Dec. 70.30. Sales, 30,512.

Live Hogs—Oct. 39.25-39.70 (38.55-39.47), Dec. 40.35-40.10 (40.07-40.22), Feb. 42.60-42.75, April 41.80-41.85, June 46.37-46.00, July 46.10-46.20, Aug. 45.05, Oct. 43.60-44.05, Dec. 43.05. Sales, 8,325.

‡‡Maize—Dec. 281¼-281½ (278½), March 294¾-295 (291¼), May 302¼, July 306¾-307, Sept. 308¾, Dec. 309½.

Pork Bellies—Feb. 48.80-48.40 (48.85-48.60), March 48.70-48.90 (47.27-48.80), May 49.60, July 50.70, Aug. 49.67-49.70. Sales, 7,175.

Silver—Sept. 1500.0-1540.0 (1556.0), Oct. 1527.2 (1487.2), Nov. 1538.2, Dec. 1551.25, Feb. 1566.0, April 1574.5, June 1583.6, Aug. 1592.9, Oct. 1602.4, Dec. 1612.1, Feb. 1622.0, April 1632.1, June 1642.4, Aug. 1652.9, Oct. 1663.6, Dec. 1674.5, Feb. 1685.6, April 1696.9, June 1708.4, Aug. 1720.1.

‡Soyabeans—Nov. 725-727½ (718¾), Jan. 741-743 (734½), March 759½, May 770-771, July 779, Aug. 778½, Sept. 763, Nov. 760.

¶Soyabean Meal—Oct. 191.60-192.00 (189.60), Dec. 195.80-196.30 (193.90), Jan. 198.30-198.30, March 202.50, May 204.50-205.00, July 208.00, Aug. 209.50, Sept. 208.40, Oct. 208.00.

Soyabean Oil — Oct. 28.85-28.90 (28.63), Dec. 27.80-27.85 (27.65), Jan. 27.40-27.35, March 27.40-27.35, May 27.35, July 27.35-27.25, Aug. 27.15, Sept. 27.05-26.95, Oct. 26.80-26.90.

‡Wheat—Dec. 447-448 (445½), March 463½-462 (459), May 470-472, July 453, Sept. 460.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

WINNIPEG, Sept. 20. §Barley—Oct. 111.00 (111.30), Dec. 111.30 (111.30), March 111.50, May 111.60, July 111.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 233.24 (232.39).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

Wednesday's closing prices

NEW YORK, Sept. 19.

Cocoa—Sept. 139.25 (141.65), Dec. 138.95 (141.90), March 141.95, May 143.60, July 145.25, Sept. 147.15, Dec. 3280. Sales, 1,022.

Copper—Sept. 86.40 (84.75), Oct. 86.40 (84.75), Nov. 86.70, Dec. 87.00, Jan. 87.30, March 87.80, May 88.60, July 88.80, Sept. 89.00, Dec. 89.30, Jan. 89.40, March 89.50, May 89.60, July 89.70.

Cotton—No. 2: Oct. 63.48 (63.20), Dec. 64.40-64.46 (64.34), March 66.10, May 67.55-67.65, July 68.65, Oct. 69.00-69.15, Dec. 69.40, March 69.50-70.00. Sales, 4,550.

Orange Juice—Nov. 104.60 (103.90), Jan. 104.00 (103.10), March 104.60, May 105.10, July 106.00, Sept. 106.50, Nov. 105.50, Jan. 102.50. Sales, 500.

EUROPEAN MARKETS

ROTTERDAM, Sept. 20.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Nov. $205, Dec. $208, Jan. $211, Feb. $213, March $215. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Oct. $194, Nov. $198, Dec. $200. U.S. No. 2 Northern Spring, 14 per cent, Sept-Oct. $198, Nov. $199, Dec. $210.50, Jan. $216, Feb. $218, March $221, April-May $200.

Maize—U.S. No. 3 Corn Yellow afloat $140.75, Sept. $139.75, Oct. $139.25, Nov. $140, Dec. $143.75, Jan.-March $149, April-June $150.50 sellers, Oct. $139, Nov. $139.50 traded.

Soyabeans—U.S. Two Yellow Gulfports, Oct. $291, Dec. $297.75-297.85, Feb. $306.50, March $308-309.50 traded, Oct. $291.90, Nov. $292, Jan. $303, Feb. $308.50, March $309.75, April $313.25, May $313.75, June-July $316.25 sellers, Nov. $291.50 buyers. Brazil Yellow Faq unquoted. Argentine unquoted.

Soyameal—44 per cent protein U.S., afloat $231, Sept. $232.50, Oct. $235.50 traded, afloat $231, Sept. $232.50, Oct. $235.50, Nov. $243, Nov.-March $245, April-Sept. $254 sellers. Brazil Pellets Sept. $243, Oct. $249, Nov. $256, April-Sept. $258.

PARIS, Sept. 20.

Cocoa (FFr per 100 kilos)—Sept. 1270-1335, Dec. 1232-1335, March 1360-1365, May 1370-1400, July 1375, Sept. 1385. Sales at call 4.

Sugar (FFr per 100 kilos)—Nov. 1150-1180, Dec. 1172-1176, March 1218-1220, May 1250-1255, July 1270-1290, Aug. 1280-1300, Oct. 1300-1320, Nov. 1306-1330. Sales at call 0.

INDICES

FINANCIAL TIMES

Sept. 19	Sep. 18	M'nth ago	Year ago
292.78	293.04	285.49	264.04

(Base: July 1, 1952=100)

MOODY'S

Sept. 19	Sept. 18	M'nth ago	Year ago
1141.8	1147.7	1087.30	939.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 19	Sept. 18	Month ago	Year ago
Spot	407.13	406.68	401.14	380.12
F'tur's	418.82	414.46	415.80	378.95

(Average 1924-25-26=100)

REUTERS

Sept. 20	Sept. 19	M'nth ago	Year ago
1680.2	1615.3	1571.2	1478.1

(Base: September 18, 1931=100)

COMPANY NOTICES

GOLD FIELDS GROUP

NOTICE RE CLOSING OF REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the REGISTERS OF MEMBERS of the undermentioned companies will be CLOSED for the purpose of the Annual General Meetings as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Register of Members closed (both days inclusive)
Doornfontein Gold Mining Company Limited	10 October to 17 October 1979
Kloof Gold Mining Company Limited	10 October to 17 October 1979
Libanon Gold Mining Company Limited	10 October to 17 October 1979
Venterspost Gold Mining Company Limited	10 October to 17 October 1979
West Driefontein Gold Mining Company Limited	10 October to 17 October 1979

London Office:
49 Moorgate,
London EC2R 6BQ.
20 September, 1979.

By Order of the Boards,
C. E. WENNER
London Secretary.

Bank's warning of bleak industrial outlook further unsettles equities and causes reaction in long Gilts

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 10	Sep. 20	Sep. 21	Oct. 1
Sep. 24	Oct. 4	Oct. 5	Oct. 15
Oct. 8	Oct. 18	Oct. 19	Oct. 29

* "New time" dealings may take place from 9.30 am two business days earlier.

The Bank of England's grim warning that industry may well experience its worst financial squeeze for five years served further to undermine stock markets yesterday. Also very much in the forefront as an adverse market influence was the growing threat of increased confrontation in the engineering industry should more employers decide to close their plants.

Dealers in leading shares naturally took further defensive action by lowering values at the opening but once again the move failed to deter nervous offerings from smaller investors worried about the outlook for manufacturing industry. Business was compressed into the first hour of trading and thereafter some leading issues rallied with **ICI** in the van.

Half-yearly profits in excess of analysts' estimates stimulated a little interest in **GKN**, which regained a small early loss and closed 5 higher on balance at 262p. Numerous company announcements generated several other features, but the volume of business failed to expand to any great extent with total bargains amounting to 18,253 compared with 16,967 on Wednesday.

The FT 30-share index had extended its recent slide by a further 3.9 at 1 pm but, aided by a slight marking-up in trade after the official close, it rallied to end a net 2.2 down at 458.1; this represents a fall of 19.3 in the last seven trading sessions.

Nervous selling induced by the Bank's thoughts on interest rates and inflation unsettled longer-dated British Funds which surrendered all the previous day's gains and a little more. In this market, too, most of the session's trade was effected within the first hour or so and the later sharp rally in sterling helped to steady the market without producing a positive recovery. Shorter-dated stocks fluctuated narrowly either way in a light business and often settled marginally harder.

Reports that the London conference was near to an outline agreement on a new constitution for Zimbabwe Rhodesia intrigued the market in South African Gold shares and, with the aid of an afternoon upsurge in the bullion price, Golds regained early losses to close generally higher on the day. Southern Rhodesian bonds improved only fractionally.

Moving in accordance with yesterday's fluctuations in sterling, rates for investment currency were up to 34 per cent initially before a later fall to 32½ per cent for a loss of ¾ on balance. Yesterday's SE conversion factor was 0.9054 (0.9123).

Imperial Group attracted the lion's share of interest among Traded options, contributing 107 to the overall 249 contracts. The total compares with Wednesday's 371 and last week's daily average of 228.

Guinness Peat up

Comment on the group's recovery potential in the wake of the preliminary results helped **Guinness Peat** feature banks with a rise of 6 to 103p. Still reflecting the disappointing interim figures, **Corinthian** lost 3 to 32p, while **Hill Samuel Warrants** remained friendless at 60p, down 8. Discounts traded lower and closed with falls ranging to 12; **Allen Harvey and Ross** lost that much to 345p and **Union** relinquished 8 to 360p, while **Gerrard and National** finished 6 off at 258p. The major clearers displayed no set trend after a small business with **Midland** edging forward 3 to 378p but **NatWest** softening 2 to 340p.

Demand ahead of next Thursday's interim results helped **Hambro Life** put on 4 to 135p in Insurances. Further consideration of the uninspiring first-half figures left **Legal and General** 4 down at 163p, while interim profits from **Sedgwick Forbes** came right in line with expectations and the shares closed unaltered at 94p.

Breweries again drifted lower, although buyers were around at the lower levels. Among the leaders, **Whitbread** gave up 2 to 135p, while **Distillers** shed a like amount to 229p following the chairman's cautious remarks at the annual meeting. Regional breweries were also dull, **Greenall Whitley**, 166p, **Vaux**, 159p, and **Buckleys**, 49p, all closing a couple of pence lower. Elsewhere, **Irish Distillers** provided a rare firm counter, gaining 3 to 90p on currency influences. **Arthur Bell**, on the other hand, fell 4 to 180p and **Sandeman** gave up 4 for a two-day fall of 9 at 76p.

Still reflecting the forecast of significantly lower profits for the full year, **Tilbury Contracting** met with fresh selling and dropped 27 for a two-day fall of 57 to 265p. The half-yearly statement left **Leyland Paint** 2 cheaper at 52p. Dealings in **Parker Timber** were temporarily suspended 240p pending an announcement.

Among Chemicals, **ICI** fluctuated narrowly before closing a shade harder on the day at 349p. **Hickson and Welch** shed 5 to 196p, but the sharp increase in the interim dividend prompted an improvement of 1½ to 55½ in **Croda**.

House of Fraser down

Quietly dull conditions prevailed in Stores. Renewed profit-taking on fading bid hopes promoted a fresh fall of 7 to 140p in **House of Fraser** to make a decline on the week so far of 16. **Gussies "A"** gave up 8 more to 380p and **W. H. Smith "A"** lost 5 to 165p, while **Burton "A"** dipped 4 to 274p. **UDS** softened a penny more to 89p following comment on the disappointing interim results. Elsewhere, **James Walker** declined 7 to 113p and the **N/V** 6 more to 104p on further consideration of the interim figures.

Shoes made an irregular showing with **Footwear Industry Investments** notable for a rise of 3 to 68p. **Stylo** gave up 5 to 215p and **Headlam Sims and Coggins**, at 58p, lost 3 of the recent Press-inspired rise. **Ward White** held at 91p awaiting today's interim statement.

Electricals took a distinct turn for the worse, particularly second-line issues in which **United Scientific** stood out with a fall of 14 to 326p. Fading bid hopes prompted renewed dullness in **Decca** issues, the ordinary falling 10 more to 300p, with the "A" 4 down at 268p. **Unitech** fell 9 to 208p and **Farnell** 8 to 256p, while losses of 6 were recorded in **MK Electric**, 229p, **Muirhead**, 258p, and **Sound Diffusion**, 130p. **Telefusion** ordinary, 38p, and the "A," 37p, reacted 6 apiece on lower annual profits. Dealings in **Clifford and Snell** were temporarily suspended at 35p at the request of the company pending an announcement. Leading issues were inclined easier, with **GEC** closing 4 down at 370p.

The Engineering sector continued to reflect worries about the national dispute in the industry. **GKN**, however, up 5 at 262p, after 254p, on interim results well above recent market estimates, provided a little relief from the gloomy surroundings. By way of contrast, **Stone-Platt** dropped to 53p and closed 14 down on balance at 54p on the reduced interim dividend and sharp fall in profits, while poor half-yearly figures prompted a reaction of 12 to 110p in **Wadkin**. **Hall Engineering** encountered selling and gave up 6 to 138p, while falls of 5 were marked against **British Aluminium**, 200p, **ML Holdings**, 178p, and **WGI**, 100p. The rather gloomy statement which accompanied the interim results left **Delta Metal** 3 cheaper at 66½p, while comment on the half-yearly figures left a reaction of 5 to 123p in **Molins**.

In Foods, **Rowntree Mackintosh** eased 2 to 174p following Wednesday's unsettling half-timer. **William Morrison** receded 3 to 160p in front of Thursday's interim, while the withdrawal of speculative support left **Avana** 4 off at 109p and **Louis G. Edwards**, 2 lower at 35p.

Amal. Metal lower

The Bank of England's gloomy quarterly review and the deteriorating engineers' dispute combined to promote renewed dullness in the miscellaneous industrial leaders. **Pilkington** closed 8 down at 300p and **Boots** cheapened 5 to 182p. **Glaxo** showed late resilience, however, rallying from 458p to close a net 2 higher on balance at 462p. Elsewhere, trading statements provided the interest among secondary issues. **Amalgamated Metal** were marked 25 lower to 270p in reaction to the sharp contraction in first-half profits and the reduced interim dividend, while **Thomas Marshall (Loxley)** gave up 3 to a 1979 low of 29p, also following poor interim figures.

Uninspiring half-yearly figures prompted a fall of 4 to 60p in **Copydex** and one of 2 to 41p in **Brown Boveri Kent**. Still reflecting the chairman's profits warning at the AGM, **Airfix Industries** fell 3 further to 37p, while **Rockware** gave up 4 to 91p following news of redundancies at a subsidiary. **ICL** remained on offer at 465p, down 8, while **United Carriers** lost a like amount to 138p and falls of around 6 were recorded in **Smiths Industries**, 174p, **Thermal Syndicate**, 116p, and **Extel**, 180p. By way of contrast, **Hensher Furniture A** put on 3½ to 62p on speculative buying and **National Carbonising** rose 4 to 82p following revived North Sea oil interest.

Motor sectors displayed an easier bias after a quiet session. **Rolls-Royce**, still unsettled by the recent interim results, shed 2 to 66p, while continuing concern over the persistent disruptions in the engineering industry left Components dull again. **Dowty** slipped 5 for a two-day fall of 8 at 305p, while **Lucas** dipped a couple of pence to 233p on thoughts that the coming annual results could well prove disappointing. **Dunlop** provided an exception to the easier trend in finishing a penny up at 56p, after 54p; the interim statement is expected next Thursday.

With the exception of **Liverpool Daily Post**, 3 up at 128p following the interim statement, Newspapers tended easier with **International Thomson** shedding 4 to 336p in front of today's mid-term statement. **A. and C. Black** eased 2 for a two-day fall of 10 at 148p on the interim profits downturn. Elsewhere,

With the exception of **Stock Conversion**, up 4 to 372p on bid hopes, Properties drifted a shade lower on lack of support. **Percy Bilton** relinquished 4 to 228p; the interim results are due on October 1.

Oils react afresh

Fresh selling in a market lacking support made for renewed dullness in the Oil sector. **British Petroleum** weakened 20 to 1155p, while **Shell** drifted off 4 more to 334p. Outside the leaders, **Oil Exploration** reacted to 372p following the interim results before closing unaltered at 384p. Against the trend, **Gulf Stream Resources** closed 30 higher at 230p on speculative demand accompanied by rumours of a gas find in the Middle East.

James Fisher moved against the trend in the Shipping sector with a rise of 13 to 230p following renewed demand in a restricted market.

A nervous market since last week's disappointing interim results, **Carpets International** dipped 2 more to a 1979 low of 49p, while **Sirdar**, 116p, gave up 3 of Wednesday's gain of 7.

Tobaccos closed narrowly easier for choice, **Rothmans** falling 2 to 56p following publicity given to the annual meeting.

Golds rally well

After an uncertain start when prices were marked down and proceeded to drift on small scale selling South African Golds staged a strong rally in line with the bullion price and the improved outlook to the current Rhodesia talks at Lancaster House.

The bullion price surged ahead in the afternoon reflecting a sharp decline in the dollar, to close $13.50 up at a record closing level of $385.50.

The Gold Mines index registered an 0.7 gain at 211.3 but the ex-premium index fell 0.8 to 211.3.

Among heavyweights **Hartebeest** and **Free State Geduld** were outstanding with gains of around a half-point apiece at £18¾ and £17½ respectively.

In the medium priced issues **Doornfontein** fell sharply to 344p at one point on further consideration of the chairman's forecast of no dividend increase in the immediate future, but later rallied to close barely changed on balance at 362p. **Libanon** were also weak with the shares finally 14 off at 676p.

News that the British and Rhodesian Government delegations were very close to total agreement on a new constitution for Rhodesdia encouraged strong buying of Rhodesians.

Falcon Mines, additionally boosted by the record bullion price, advanced 20 to a 1979 high of 380p, **Mangula** rose 8 to 108p, **Globe and Phoenix** put on 6 to 76p, **Wankie Colliery** 5 to 62p and **Rhodesian Corporation** 4 to 31p.

South African Financials were featured by **Anglo American** which climbed sharply in the after-hours trade on American buying to close 16 higher at 436p. Record platinum prices prompted a 9 gain in **Impala**, 199p.

Selection Trust held steady at 540p following the interim results while in Tins **Geevor** added 5 more to 145p in response to news that Hampton Areas and Union Corporation have increased their respective holdings in Geevor to 14.34 per cent and 17.16 per cent.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	10	1155	−20	1295	882
GKN	£1	9	262	+ 5	308	225
LASMO	25p	9	262	− 6	278	124
RTZ	25p	9	290	− 4	362	226
Shell Transport	25p	9	334	− 4	402	278
Imperial Group	25p	8	89	+ 1	108	82
Barclays Bank	£1	7	420	—	514	360
GEC	25p	7	370	− 4	456	311
ICI	£1	7	349	+ 1	415	314
Tricentrol	25p	7	210	− 4	254	148
Boots	25p	6	182	− 5	238	177
Distillers	50p	6	229	− 2	259	198
Hawker Siddeley	25p	6	172	− 4	278	172
Marks & Spencer	25p	6	100	− 1	134	88
NatWest	£1	6	340	− 2	406	278

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	17	57	12
Corpns., Dom. and Foreign Bonds	9	1	65
Industrials	105	552	752
Financial and Prop.	[illegible]	[illegible]	256
Oils	8	18	[illegible]
Plantations	1	7	20
Mines	48	43	56
Others	47	31	69
Totals	266	928	1,232

FINANCIAL TIMES STOCK INDICES

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 14	Sept. 13	A year ago
Government Secs.	72.01	72.24	72.16	71.94	72.43	72.72	70.81
Fixed Interest	72.58	73.74	72.71	72.69	73.11	73.14	72.88
Industrial	458.1	460.3	468.7	466.0	467.7	467.6	535.7
Gold Mines	211.3	210.6	214.8	207.7	205.0	194.8	158.1
Gold Mines (Ex-$ pm)	191.3	192.1	194.6	190.6	186.4	174.6	126.2
Ord. Div. Yield	7.12	7.08	6.95	7.00	6.99	6.99	6.12
Earnings, Yld. % (full)	18.44	18.35	18.03	18.12	18.11	18.10	14.54
P/E Ratio (net) (*)	6.64	6.68	6.79	6.75	6.76	6.77	9.11
Total bargains	18,253	16,967	16,532	16,511	14,235	14,457	—
Equity turnover £m	—	75.09	66.97	58.53	72.11	67.57	92.89
Equity bargains total	—	12,097	11,761	10,890	10,739	11,411	16,853

10 am 456.7. 11 am 456.5. Noon 456.3. 1 pm 456.4. 2 pm 455.5. 3 pm 457.2.
Latest Index 01-246 8026.
*Nil=6.40.

Base 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 2/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.08 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	214.8 (13/9)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm	194.6 (18/9)	95.2 (12/1)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Sept. 20	Sept. 19
—Daily		
Gilt Edged	[illegible]	[illegible]
Industrials	138.8	[illegible]
Speculative	[illegible]	[illegible]
Totals	97.5	[illegible]
5-d'y Av'r'ge		
Gilt Edged	148.5	154.2
Industrials	131.6	130.9
Speculative	47.3	40.6
Totals	90.5	97.5

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 17	Sep. 28	Dec. 20	Jan. 7
Oct. 1	Oct. 12	Jan. 10	Jan. 21
Oct. 15	Oct. 26	Jan. 24	Feb. 24

For rate indications see end of Share Information Service

Stocks favoured for the call included **Racal**, **Cons. Gold**, **Decca**, **Allied Colloids**, **FNFC**, **Harris Queensway**, **Premier Oil**, **Burmah**, **Joseph Webb**, **Howard Machinery**, **Bolton Textile**, **Winn Industries**, **Lonrho**, **Woodside**, **Attock** and **Baker Perkins**. No puts were dealt, while a double was completed in **Gulf Stream**.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (16)

CANADIANS (2)
Canadian Pacific
Imperial Oil
BUILDINGS (1)
Marshalls (Halifax)
CHEMICALS (1)
Norsk Hydro
STORES (1)
Lee Cooper
INDUSTRIALS (3)
Clarke (Clement)
Hensher A
Esselte AB
PAPER (1)
London & Provincial Poster
SHIPPING (1)
Fisher (J.)
TRUSTS (1)
Exploration Co.
OILS (1)
Ranger Oil
MINES (4)
Falcon
Paringa
Grootvlei
South African Land

NEW LOWS (65)

AMERICANS (1)
Firestone Tire
BANKS (1)
Bank Leumi (UK)
BUILDINGS (3)
Galliford Brindley
Tilbury Contracting
Ibstock Johnsen
STORES (2)
Ratners
Selincourt
ELECTRICALS (7)
BICC
Potbow
Berec
Scholes (G. H.)
Dale Electric
Ward & Goldstone
Fidelity Radio
ENGINEERING (21)
Blackwood Hodge
McKechnie Bros.
British Northrop
Neill (J.)
Brockhouse
Redman Heenan
Brown (J.)
Serck
Christy Bros.
600 Group
Delta Metal
Stone-Platt
Glynwed
Triplex Foundries
Hawker Siddeley
Vickers
Johnson, Firth Brown
Wadkin
Lloyd (F. H.)
Weir Group
Martonair
FOODS (1)
England (J. E.)
HOTELS (1)
Prince of Wales
INDUSTRIALS (13)
Airfix Inds.
Marshall Inds.
Amalgamated Metal
Pentos Dfd.
Bridon
Powell Duffryn
Dobson Park
Rockware
Hamilborne
Unicorn Industries
Hill (Chas.)
Williams (J.)
L.K. Ind. Invs.
LEISURE (1)
Norton & Wright
MOTORS (4)
Rolls-Royce
Lucas Inds.
Assoc. Engineering
Appleyard
NEWSPAPERS (2)
Black (A. & C.)
Marshall Cavendish
PAPER (2)
Clay (R.)
Oxley Printing
TEXTILES (5)
Carpets Intl.
Illingworth Morris A
Corah
Tootal
Foster (J.)
TRUSTS (1)
City & Com. Inv. Inc.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
Com. Union	140	6	—	13	—	20	5	140p
Cons. Gold	240	9	3	20	—	26	—	240p
Cons. Gold	260	3	—	9	10	—	—	"
Courtaulds	90	2½	—	5	5	9	—	86p
Grand Met.	150	—	—	—	—	32	2	147p
ICI	330	19	5	35	—	45	—	349p
ICI	360	5	12	15	18	23	—	"
ICI	390	½	—	7	20	11	—	"
Land Secs.	330	1	16	11	—	21	—	299p
Marks & Sp.	100	4	2	10	—	12	—	100p
Marks & Sp.	120	¾	—	2½	3	4½	—	"
Shell	325	10	3	25	—	—	—	338p
Shell	350	5	1	12	1	—	—	"
Totals			42		57		7	
		November		February		May		
Boots	180	10	15	16	—	27	—	184p
Boots	200	3	—	9	—	15	4	"
Boots	220	1½	—	3½	1	—	—	"
EMI	90	7	4	11	—	15	10	89p
EMI	100	3	—	7	—	10	1	"
Imperial Gp.	90	3½	77	6	30	7½	—	89p
Totals			97		31		15	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]	F.P.	24/8	75	60	Arrow Chemicals	72	......	b2.0	2.3	4.0	15.5
[illegible]	F.P.	—	90	80	Barlow Hldgs.	87	......	T2.6	1.1	4.3	30.3
160	F.P.	5/9	193	182	Mercantile House	182	−8	10.72	2.3	8.4	7.5
**	F.P.	10/8	57	25	Mettoy Dfd.	31	−1	—	—	—	—
[illegible]	F.P.	—	39	30	St. George Assets 10p	37	−1	bd1.8	1.5	5.9	24.0
[illegible]	F.P.	—	202	168	Seltrust A. 5oc.	202	+4	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Am'unt Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
¶91	F.P.	21/9	87	84	Aurora 8¼ Conv. Cum. Pref.	84	......
**	F.P.	21/9	107p	101p	Bradford Prop. 10½% Cum. Pref.	104p	−3
¶	£10	29/11	12	11¾	Eastbourne Waterworks 8% Red. Pref.	11¾	......
¶96½	£10	29/11	12¼	8¾	Essex Water 8% Red Pref. 1984	11¾	......
[illegible]	F.P.	—	73½	69½	Lonrho 9% 2nd Mort. Deb. 87/92	69½xd	−½
[illegible]	F.P.	—	90¼	86	Do. 12⅝% 2nd Mort. Deb. 85-90	89½xd	......
[illegible]	F.P.	—	99	93	Do. 12⅞% 2nd Mort. Deb. 80-83	96xd	......
97	F.P.	31/8	99¼	97¾	Scot. Agricultural Sec. 13% Deb. 97-99	98	......
100p	—	7/9	103p	100p	Stonehill 10½% Cum. Prf.	[illegible]	......

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid up	Latest Renunc. Date		1979 High	1979 Low	Stock	Closing price p‡	+ or −
14	F.P.	25/8	21/9	19	17	Abwood Machine Tools	18	......
110	F.P.	4/9	19/10	130	120	Bank Leumi	120	......
A$2	Nil	28/9	19/10	64pm	37pm	Bank of New South Wales	57pm	−2
20	Nil	28/9	19/10	12pm	8pm	Benlox	8pm	−1
125	F.P.	21/9	12/10	151	142	Estates Property Inv.	151	+1
R1.20	Nil	—	—	5pm	1pm	F.U.G.I.T.	5pm	......
93	Nil	2/10	16/11	7pm	4½pm	Hepworth Ceramics	4½pm	......
$M1.36	Nil	—	—	15½	15½	††Kulim	15½	......
30	F.P.	—	—	48	36	Lennons	40pm	−1
110	F.P.	5/9	26/9	139	120	Letraset	132	−3
115	F.P.	14/9	12/10	147	130½	Macarthys Pharm.	145	......
40	Nil	28/9	26/10	10pm	8pm	Nolton	8pm	......
A$3	Nil	—	—	196pm	168pm	Peko-Wallsend	188pm	......
[illegible]	Nil	—	—	102pm	76pm	Seltrust	102pm	+8
145	F.P.	13/9	19/10	224	195	Unitech	208	−6
10	F.P.	5/9	17/10	12	10½	Yorkgreen Invs.	12	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p*‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thur., Sept. 20, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Sept. 19 Index No.	Tues., Sept. 18 Index No.	Mon., Sept. 17 Index No.	Fri., Sept. 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	237.03	−1.2	18.14	6.07	7.07	240.02	243.04	242.45	243.85	254.63
2	Building Materials (27)	230.09	−1.7	17.57	5.95	7.38	233.98	234.03	234.01	234.60	221.78
3	Contracting, Construction (28)	378.51	−1.2	24.28	5.90	5.14	383.22	386.44	389.07	391.26	416.93
4	Electricals (15)	605.50	−1.1	13.43	3.83	9.96	612.13	622.47	619.79	622.82	573.98
5	Engineering Contractors (12)	325.83	−1.3	21.98	7.42	5.67	330.14	334.34	335.97	337.80	381.65
6	Mechanical Engineering (74)	161.33	−1.5	20.77	7.25	6.12	163.82	166.32	165.32	167.18	202.03
8	Metals and Metal Forming (16)	156.20	−0.3	28.03	9.60	6.20	156.71	159.74	159.09	159.45	[illegible]
11	CONSUMER GOODS (DURABLE) (52)	230.31	−1.3	15.93	5.01	7.87	233.38	235.90	234.77	235.77	222.28
12	Lt. Electronics, Radio, TV (16)	329.21	−1.5	12.33	3.75	10.47	334.15	337.88	335.82	337.06	271.62
13	Household Goods (13)	142.17	−1.0	20.00	7.68	6.14	143.55	144.06	143.99	144.57	180.87
14	Motors and Distributors (23)	108.23	−0.9	24.57	7.74	4.93	109.26	110.53	110.23	110.92	134.39
21	CONSUMER GOODS (NON-DURABLE) (171)	232.42	−1.2	17.00	6.14	7.32	235.19	238.32	237.11	237.93	222.53
22	Breweries (14)	283.10	−0.9	16.04	5.40	7.43	285.62	289.44	287.93	287.57	236.35
23	Wines and Spirits (6)	323.17	−1.0	16.98	5.57	7.32	326.34	332.21	331.83	331.91	283.76
24	Entertainment, Catering (17)	306.31	−1.3	16.17	6.64	8.11	310.34	314.61	308.49	310.38	278.95
25	Food Manufacturing (19)	205.82	−0.9	19.31	6.64	6.43	207.59	210.17	208.68	208.53	217.79
26	Food Retailing (15)	300.99	−1.1	13.52	4.25	8.92	304.36	305.82	305.02	306.47	235.35
32	Newspapers, Publishing (12)	418.38	−1.1	22.86	6.96	6.03	423.02	428.96	426.94	428.11	407.69
33	Packaging and Paper (15)	131.00	−0.9	22.54	8.55	5.72	132.14	133.63	132.53	131.69	151.49
34	Stores (41)	229.58	−1.7	12.89	4.55	10.16	233.43	237.27	236.27	238.29	218.51
35	Textiles (23)	151.62	−1.0	24.21	10.14	5.21	153.14	153.92	155.04	155.49	184.00
36	Tobaccos (3)	240.80	−0.8	23.67	9.24	4.77	242.70	246.02	245.99	244.97	252.22
37	Toys and Games (6)	67.77	−3.0	25.50	9.94	4.98	69.89	71.43	71.23	70.88	123.37
41	OTHER GROUPS (99)	202.77	−0.5	15.77	6.31	7.79	203.82	206.02	205.33	206.47	217.86
42	Chemicals (18)	284.38	—	17.92	6.79	6.51	284.32	287.53	287.35	288.59	303.68
43	Pharmaceutical Products (7)	227.50	—	11.93	5.08	10.37	227.59	230.66	228.13	229.62	287.15
44	Office Equipment (6)	118.13	−0.9	16.91	7.11	7.39	119.22	120.30	120.86	122.11	146.05
45	Shipping (10)	450.89	−0.9	13.76	6.65	10.85	455.18	460.57	461.25	463.09	448.49
46	Miscellaneous (58)	238.82	−1.1	16.31	6.30	7.85	241.43	243.64	242.61	243.95	252.63
49	INDUSTRIAL GROUP (494)	233.44	−1.0	16.91	6.08	7.40	235.91	238.83	237.87	238.96	234.72
51	Oils (6)	627.49	−1.4	18.03	7.72	5.97	636.63	642.87	641.07	636.76	516.56
59	500 SHARE INDEX	265.42	−1.1	17.11	6.36	7.10	268.42	271.62	270.59	271.38	260.36
61	FINANCIAL GROUP (116)	192.44	−0.4	—	5.53	—	193.25	195.35	194.18	195.85	174.00
62	Banks (6)	223.09	—	37.06	5.74	3.45	223.07	225.38	222.68	224.92	194.32
63	Discount Houses (10)	252.60	−1.7	—	7.27	—	256.90	257.90	257.98	257.98	218.06
64	Hire Purchase (5)	170.75	−0.3	19.37	5.10	6.62	171.32	171.95	172.53	172.12	162.29
65	Insurance (Life) (10)	160.68	−0.3	—	6.33	—	161.10	163.96	162.10	163.05	143.26
66	Insurance (Composite) (8)	125.63	−0.5	—	7.54	—	126.19	128.31	127.87	128.28	130.59
67	Insurance Brokers (10)	277.31	−0.8	18.05	6.61	7.92	279.45	285.02	283.94	282.69	349.54
68	Merchant Banks (14)	101.19	+0.1	—	5.55	—	101.11	101.23	101.34	102.38	85.97
69	Property (43)	360.47	−0.8	3.44	2.62	42.38	363.23	365.14	364.53	365.27	268.78
70	Miscellaneous (10)	123.34	−0.8	15.10	7.27	8.49	124.27	124.86	123.85	123.95	114.35
71	Investment Trusts (110)	213.67	−0.8	—	5.36	—	215.30	216.96	216.23	215.61	232.04
81	Mining Finance (4)	127.58	−0.3	15.61	6.10	7.85	127.93	131.39	128.99	130.96	109.72
91	Overseas Traders (20)	343.37	−0.6	15.34	7.39	8.01	345.33	344.03	342.89	342.77	[illegible]
99	ALL-SHARE INDEX (750)	245.13	−0.9	—	6.18	—	247.47	250.30	249.19	249.90	237.76

FIXED INTEREST PRICE INDICES

	British Government	Thur., Sept. 20	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.03	+0.08	—	6.66
2	5-15 years	116.15	−0.34	—	7.86
3	Over 15 years	122.02	−0.39	—	9.65
4	Irredeemables	133.15	−0.61	—	9.02
5	All stocks	113.73	−0.22	—	8.69

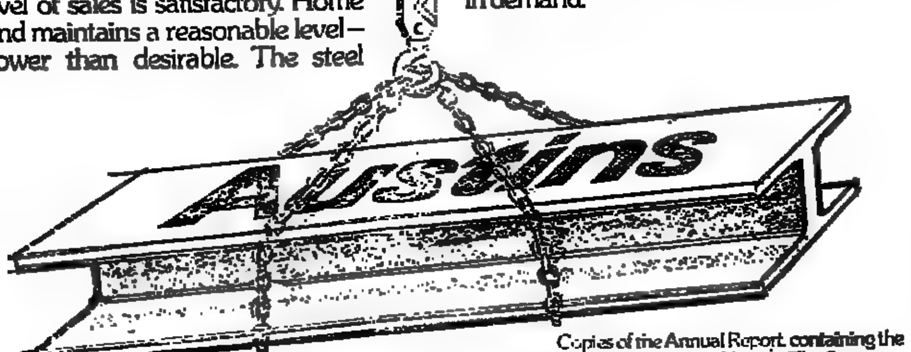
FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Thur., Sept. 20	Wed., Sept. 19	Year ago (approx.)
1	Low Coupons	5 years	10.24	10.22	8.88
2		15 years	10.78	10.74	10.06
3		25 years	11.32	11.27	11.47
4	Medium Coupons	5 years	12.32	12.33	11.66
5		15 years	12.41	12.37	12.04
6		25 years	12.49	12.48	12.65
7	High Coupons	5 years	12.71	12.69	11.58
8		15 years	12.87	12.81	12.57
9		25 years	12.74	12.68	12.75
10	Irredeemables		11.11	11.04	11.48

		Thurs. Sept. 20 Index No.	Thurs. Sept. 20 Yield %	Wed. Sept. 19	Tues. Sept. 18	Mon. Sept. 17	Fri. Sept. 14	Thurs. Sept. 13	Wed. Sept. 12	Tues. Sept. 11	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.10	†12.78	58.11	58.14	58.21	58.33	58.32	58.50	58.73	67.04
16	Investment Trust Prefs. (15)	51.23	13.09	51.25	51.23	51.23	51.46	51.47	51.72	51.50	61.96
17	Coml. and Indl. Prefs. (20)	69.54	12.90	70.36	70.55	70.93	71.19	71.19	71.29	71.52	71.80

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.



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AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Int. Tst.	106.5	112.1	-0.7	3.17
Abbey Capital	37.1	39.7	-0.4	4.80
Abbey Income	42.8	46.8	-0.4	7.49
Abbey Inv. Tst. Fd.	37.3	39.4	-0.2	5.71
Abbey Gen. Tst.	47.6	50.9	-0.7	5.31
Equity Prog. Tst.	70.0	73.9	-0.4	4.79

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	97.3	102.4xd	.....	12.00

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	71.8	76.8xd	-0.7	6.25
Brit. Inds. Fund	69.8	74.7	-0.7	5.44
Grth. & Inc.	41.6	43.4	-0.4	5.53
Elect. & Ind. Dev.	37.9	40.6	-0.4	5.17
Allied Capital	75.8	81.1	-0.9	4.93
Hambro Fund	117.4	125.6	-1.0	5.05
Hambro Acc. Fd.	138.0	147.7	-1.3	5.15

Income Funds

High Yield Fd.	71.7	76.7	-0.7	8.92
High Income	68.5	73.3xd	-0.5	7.64
A.H. Eq. Inc.	40.7	43.5	-0.3	7.79

International Funds

International	26.4	28.2	+0.1	2.85
Pacific Fund	38.1	40.8	+0.2	2.18
Secs. Of America	59.1	63.2	+0.3	1.99

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	49.2	52.6	-0.4	4.65
Do. Accum.	66.0	70.5	-0.6	4.65

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Sept. 13	112.5	117.8	.....	4.83
Gross Inc. Sept. 13	78.4	79.4	.....	9.80
High Yield Sept. 13	87.1	89.6xd	.....	9.49

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	105.7	112.4	.....	4.10
Do. Acc.	131.3	139.6	.....	4.10
G.T. Inc. Fd. Un.	169.6	180.4xd	.....	9.10
G.T. U.S. & Gen.	139.5	148.4	.....	2.70
G.T. Japan & Gen.	81.4	86.1	.....	3.00
♦Gt. Pens. Ex. Fd.	227.7	239.0	.....	5.20
G.T. Int'l. Fund	157.1	167.1xd	.....	3.00
G.T. Four Yds. Fd.	54.2	57.6	.....	7.80
G.T. Far East & Gen.	46.2	49.4	.....	3.20

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	35.9	38.3	-0.5	5.04

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	26.3	28.2	.....	1.98
British Tst. (Acc.)	65.0	69.9	-0.9	3.13
Commodity Share	31.5	33.9	.....	3.32

...

J. Finlay Internat'l	25.3	27.3	.....	3.47
Accum. Units	30.2	32.3	.....	3.47
J. Finlay High Income	35.4	38.1xd	.....	8.94
J. Finlay Euro.Fin.	25.6	27.5xd	.....	4.78
Accum. Units	30.7	33.0xd	.....	4.78
J. Finlay Fd. In. Tst.	32.7	33.0	.....	4.47
Accum. Units	36.1	39.8	.....	4.47

Prices on Sept. 19. Next dealing Sept. 26.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	51.2	54.4xd	.....	1.32
Capital Tst.	52.6	55.8xd	-0.4	4.73
Do. Accum.	53.0	56.5	.....	4.70
Income Tst.	117.0	123.4	-2.3	7.71
Int. Growth Fd.	129.8	138.0	+1.6	2.14
Do. Accum.	135.6	144.2	+1.6	2.14

Do. Accum.	111.7	.....	.....	.....
Japan & Pacific	35.6	38.5xd	+0.4	1.54
Do. Accum.	35.9	38.8	+0.4	1.54

*Prices at Sept. 21. Next dealing Sept. 28.

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster Sept. 10	39.6	41.6	.....	6.05
Exempt August 31	105.0	109.0	.....	6.15

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	55.5	58.2	.....	3.64

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	70.0	74.5xd	+1.9	3.06

Dealing Day Friday.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE & PROPERTY FUNDS

OFFSHORE & O'SEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	$US8.90	.....	—

Net asset value September 4.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.00	12.04xd	-0.10	11.89

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	124.0	128.0	.....	7.81

Next dealing Oct. 1.

	124.0	128.0	-1.0	7.81
Gov't Secs. Tst.	88.5xd	92.0xd	.....	13.86

Next dealing date September 24.

East & Intl. Tst. (C.I.)	106.0	113.0	+2.0	3.18

Next dealing October 4.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US1.48	.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US109.39	109.95	.....	8.41

Prices at Sept. 13. Next sub. day Sept. 19.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	60.16	62.02	.....	8.22

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,377	1,510	.....	2.30
Bondselex	F116.40	122.25	.....	2.40
Central Assets	£151.27	151.32	+0.06	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.37	9.42	.....	11.75
Gilt Trust (I.o.M.)	103.8	106.5	.....	11.75
Gilt Fnd. Guernsey	9.57	9.63xd	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£19.15	19.29	.....	—
First Intl.	$US225.34	226.05	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest	LF1,160		+2	4.14
Guernsey Inc.	69.6	73.9	.....	4.79
Do. Accum.	88.5	93.9	.....	4.79
KB Far East Fd.	$US14.26		.....	2.10
KB Gilt Fund	£10.79	10.86	.....	11.42
KB Int. Bd. Fd. Inc.	$US103.29		.....	8.20
KB Int. Bd. Fd. Acc.	$US108.64		.....	
KB Intl. Fund	$US13.28		+0.04	2.26
KB Japan Fund	$US31.88		.....	0.94
K.B. Sterl. Asset Fd.	£10.01	£10.02	.....	—
K.B. U.S. Gwth. Fd.	$US15.15		.....	1.44
Signet Bermuda	$US5.68		.....	1.76

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

1979 High	Low	Stock	Price	+ or –	Int.	Red.
103¾	98¾	FFI 13pc 1981	99½	+¼	13.07	13.51
107	100	Do. 14pc '79	101	—	14.24	—
108¼	98¾	Do. 14pc '83	102½	—	13.66	13.18
86½	77½	ICFC 5½pc Deb. '80-82	82½xd	+½	6.66	12.45
85	71½	Do. 6¾pcDb. '81-84	79	—	8.15	12.50
99	84½	Do. 10½pc Uns.Ln. '86	93	—	11.58	12.60
99	84½	Do. 11pc Uns.Ln. '88	93½	—	12.09	12.60
101½	84	Do. 11¾pc Uns.Ln. '90	96½	—	12.53	12.90
72½	57	Do. 7¼pcADeb. '89-92	65½	+½	11.51	13.30
69	53½	Do. 7¼pcA Db. '91-94	63xd	—	11.50	13.10
81½	64½	Do. 9pc 'A' '91-94	74xd	—	12.16	13.80
78½	62½	Do. 8⅞pc Ln. '92-97	71	—	12.74	13.20
102	95½	Do. 12½pc. Uns. Ln. 1992	96xd	—	13.02	13.20

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 10⅝% (based on US$2.1630 per £)

Conversion factor 0.9054 (0.9125)

CANADIANS

[illegible]

S.E. List Premium 10⅝% (based on $2.5260 per £)

BANKS AND HIRE PURCHASE

[illegible]

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
224	122	Com'l Aus. (SA1)	153	—	Q18c	♦	6.2	♦
£17¼	930	Com'zbk DM 10	£10½	+¼	Q26.5%	—	6.2	—
£18½	£10¼	C'hgn.Hbk.Kr100	£10⅝	—	Q12%	—	10.4	—
41	29	Corinthian 10p	32	–3	†1.05	5.9	4.8	3.6
£24¾	£15	Cred. France F75	£18½	—	Q9.87%	—	3.5	—
16	12	Dawes (G. R.)	12	—	—	—	—	—
£121	£64	Deutsche Bank DM50	£73½	+1¼	Q18.12%	—	4.7	—
90	62	F. C. Finance	62	—	2.2	4.9	5.1	5.7
8¾	5⅞	First Nat. 10p	5¾	—	—	—	—	0.4
4	2	Do. Wrrts. 75-83	2¾	—	—	—	—	—
266	178	Gerrard Natnl.	258	–6	9.12	—	5.0	—
62	39	Gibbs (A.)	47	+½	2.2	—	6.8	—
270	217	Gillett Bros. £1	217	–4	†16.95	—	11.2	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

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[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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[illegible]

INSURANCE—Continued

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[illegible]

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Components

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Garages and Distributors

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India and Bangladesh

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MINES

CENTRAL RAND

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EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

111	56	Messina R0.50	98	......	—	—	—

MISCELLANEOUS

81	54	Barymin	62	−1	—	—	—
13½	10	Burma Mines 17½p	13½	+1	—	—	—
345	170	Cons. Murch. 10c.	325	+5	Z030c	—	4.7
440	290	Northgate C$1	370	......	—	—	—
362	226	R.T.Z.	290	−4	†11.5	2.7	5.8
31	18	Robert Mines	20	−1	—	—	—
65	30	Sabina Inds. C$1	35	−1	—	—	—
880	525	Tara Exptn. $1	575	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$20	$10½	Buffels R1	$20	+⅛	Q200c	♦	12.1
$15½	890c	East Drie R1	$15⅛	+⅛	†Q115c	1.6	9.2
$11½	350c	East Rand Prp. R1	$11	......	†Q10c	—	1.1
$33¾	$18¼	F.S. Geduld 50c	$33½	+1	†Q315c	2.4	11.4
$23¾	$11⅛	Pres. Brand 50c	$22¾	+⅛	†Q150c	3.2	8.0
$23¾	$10¼	St. Helena R1	$23¾	+⅛	Q300c	♦	7.2
840c	407c	Stilfontein 50c	890c	+10	†Q66c	1.7	9.6
$37¼	$18¼	Vaal Reefs 50c	$37¼	+½	†Q280c	2.7	9.5
$52	$28¾	West Drie R1	$51⅞	+⅝	Q615c	1.3	14.5
$40¼	$22¼	West Hldgs. 50c	$39	......	†Q415c	1.4	12.9
$19½	$10⅞	Western Deep R2	$19½	+⅛	†Q147c	2.1	9.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or EEC currencies are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	+1	Sindall (Wm.)	170	......
Bertam	21	......	IRISH		
Bdg'wtr. Est. 50p	420xd	......	Conv. 9% '80/82	£86⅝	......
Clover Croft	28	......	Nat. 9¾% 84/89	£79¾	......

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday September 21 1979

Soviet arms boost for Egypt

BY ROGER MATTHEWS IN CAIRO

THE Soviet Union has resumed military supplies to Egypt in what appears to be a sharp switch in its Middle East policy.

In the past two months the Soviets are understood to have provided about 50 engines for Egypt's ageing fleet of MiG-21 fighters, 40 engines for the Soviet-built Mi8 helicopters, and a still unknown number of army lorries and replacement engines.

Relations between Egypt and the Soviet Union reached an all-time low last year with President Anwar Sadat accusing Moscow of trying to sabotage the Camp David peace agreement and then announcing a 10-year halt to the repayment of an estimated $4bn (£1.86bn) owed to Russia mainly for military supplies.

The Soviet re-supply decision also appears to fly in the face of the Arab boycott of Egypt which was most vigorously supported by the Russian's principal Arab friends—Syria, Iraq, South Yemen and Libya.

It has come at a time when President Sadat and his air force commanders are deeply concerned at declining morale especially in the air force, over the rundown in equipment caused largely by the previous Soviet refusal to provide any spares for the armed forces.

The rundown has been exacerbated by the Arab withdrawal from the Arab Organisation for Industrialisation which, with mainly British and U.S. participation, was to build helicopters, anti-tank missiles and military vehicles in Egypt. It had also been intended that the organisation would completely renovate the 20 0MiG-21s that are the backbone of the air force and of which only about 120 are flying.

In his anxiety President Sadat turned initially to the Americans but, perhaps more significantly for the Soviet Union, also to the Chinese. So far this year China has delivered about 40 of its Shenyang F-6 fighters, which are essentially Peking's version of the MiG-19. Another 50 Shenyangs are understood to be on the way to Egypt, providing China with a small but important foothold in one of the principal Middle Eastern states.

Vice-President Hosny Mubarak, a former air force commander, returned yesterday from the U.S. where he has been trying to persuade the administration to substantially increase the $1.5bn arms package agreed after Camp David.

According to some military officials Egypt is seeking a total package worth more than $4bn. It might include a U.S. commitment to take over the work of Westland and Rolls-Royce should the two British companies decide to pull out of the AOI, which has been re-named the Egyptian Organisation for Industrialisation.

Westland and Rolls-Royce are participating in the construction of about 230 Lynx helicopters in a deal thought to be worth as much as £400m. With that deal now in jeopardy, together perhaps with the substantial AOI contract that would have been awarded for the complete overhaul of the MiG-21s and Mi8 helicopters, the Russian action in providing new equipment becomes increasingly important.

UK reactor passes new safety check

EXPERIMENTS in nuclear reactor safety, of a kind not carried out elsewhere, are being performed on Britain's prototype fast reactor power station at Dounreay in Scotland, Sir John Hill, chairman of the UK Atomic Energy Authority, said yeserday.

Sir John described how pumps circulating the liquid sodium coolant through the reactor were being deliberately switched off, to stimulate the kind of "loss-of-coolant" accident which occurred in the U.S. earlier this year.

But the sodium-cooled fast reactor was proving resistant to any disturbance in its performance, said Sir John.

"We have now demonstrated that, even with the pumps switched off, natural circulation from the sodium will remove the shutdown heat from the core without the fuel element temperature rising appreciably above normal operating temperature."

No other power reactor had the same ability to cool itself without electricity for its pumps and without the operator intervening, said Sir John.

"So our already great confidence in the safety of fast reactors is enhanced."

The experiments in self-cooling, which have been proceeding for the past year, will form an important part of the safety case for a project of five times the power output, 1,300 MW, which the UK AEA expects to come before a public inquiry in 1981.

AEA report, Page 6;
Fast reactor technology comes of age, Page 18

Army call for Ulster chief

BY MALCOLM RUTHERFORD, POLITICAL EDITOR

SENIOR BRITISH Army officers are pressing for the appointment of a security chief in Ulster, but the British Government is not likely to accept their demands at this stage.

The officers say security has deteriorated in recent months and an increasing number of soldiers have been killed. They would like the Army to carry out some of the functions now undertaken by the police.

The officers believe that if security is not brought back under control soon, there is a danger of militant Protestants attacking Catholics in a "backlash."

Friction between the Army and the Royal Ulster Constabulary is common in Northern Ireland, and appears recently to have become more serious.

The officers want the appointment of a security chief because they feel there is insufficient liaison between the police, the Army and the civil power. They also feel that decisions are taken too slowly.

The officers are not necessarily seeking a military appointment. But, unlike the Secretary of State for Northern Ireland, the security chief would stay permanently in Ulster.

Mr. Humphrey Atkins, the Secretary of State, appears to be cool about the idea, even though the officers believe they may have Mrs. Thatcher's sympathy.

Mr. Atkins is strongly reluctant to re-introduce internment, as some of the security forces have suggested, on the grounds that it would be impossible to be sure of interning the right people and that such action could stir up Catholic anger.

No measures to tighten security are likely to be announced until the meeting between Mr. Atkins and Mr. Michael O'Kennedy, the Irish Foreign Minister, probably early next month. They are then expected to be confined mainly to improving cross border security co-operation and to making the Irish police more efficient.

UK pledge on oil output sought

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

BRITAIN came under strong pressure yesterday to commit itself to keeping North Sea oil production above a fixed minimum level between now and 1985, to enable other EEC governments to fulfil pledges to restrain their imports over the same period.

Though no final agreements were reached, it emerged from the meeting of EEC energy ministers that the UK had indicated it expected production to be at a level which would ensure that its oil imports and exports were in balance.

But some governments were understood still to be seeking to persuade the UK to commit itself to higher production, which would ensure that it was a net exporter of oil during the next six years.

Publicly, the Government has refused so far to announce firm plans for production up to 1985, and has issued only what it insists are projections. These suggest that the UK may reach self sufficiency next year.

Ministers and officials are currently discussing what future depletion policy should be, but are believed to be reluctant to allow production to rise much above the level at which self sufficiency is achieved.

The EEC has pledged that its annual imports up to 1985 will not exceed the 472m tonnes which its members purchased from third country suppliers last year. A cut in imports by Britain, reflecting increased North Sea production, would enable other EEC countries to import more from outside the Community, while still respecting the overall limit.

But Mr. David Howell, Britain's energy minister, said the Government would not agree to export more oil directly to its EEC partners simply to make up their short falls. He told journalists that the production and disposal of North Sea oil would remain under national, not EEC, control.

Strong pressure was also exerted on West Germany yesterday to cut its forecast oil imports. It is the only one of the four big European countries which seems likely to have problems meeting its commitment, given at July's Tokyo summit, to hold its imports to last year's level over the next six years.

Though the ministers claimed to have made progress yesterday towards agreeing on the national breakdown of the EEC import commitment it was unclear whether a final decision could be taken by the time of the Tokyo summit follow-up meeting in Paris next Wednesday. National officials were due to meet in Brussels early next week to try to resolve the remaining problems.

The U.S. may challenge in Paris the European interpretation of the pledges given at Tokyo and in particular the EEC's assertion that North Sea oil should not count in each country's contribution towards the overall community limit.

The Carter Administration has suggested in the past that if EEC members excluded North Sea oil imports from national import limits, they would be evading their full burden of responsibility to conserve oil.

Wilkinson chairman voted out

BY ANDREW FISHER

THE DIRECTORS of Wilkinson Match, in which Allegheny Ludlum Industries of the U.S. has a large stake, have voted Mr. Denys Randolph out of his position as chairman after he refused a £210,000 offer to leave the board.

The surprise ousting of Mr. Randolph, who remains a director, follows his criticisms of the company's management and policy differences over product strategy and marketing in the razor, pen and sunglasses sectors.

He has been replaced by Sir Richard Powell, aged 70, who was deputy chairman. Sir Richard said yesterday's unanimous board decision followed "general stresses and strains which reached a pitch that other directors felt couldn't continue."

Mr. Randolph was paid £31,000 a year as chairman, and will now receive the non-executive directors' salary of £5,000. He was offered a five-year consultancy deal two days ago if he would step down from the chair and the board.

Mr. Randolph, who is aged 53, referred to "very short and sharp" recent discussions with Sir Richard. The issue behind the vote was the refusal of the rest of the board to agree with Mr. Randolph that another executive director should be appointed.

In a statement, Mr. Randolph said he was instrumental in obtaining an improved deal when Allegheny Ludlum tried to get control of Wilkinson in 1978. The U.S. stainless steel producer now has 44.4 per cent.

The chairman of Allegheny, Mr. Richard Buckley, said in Pittsburgh that such a statement was "ludicrous—Iwas just appalled that he would make such a press release."

Mr. Buckley said that Allegheny was not the prime mover in Mr. Randolph's dismissal, but agreed with the rest of the Wilkinson board when told the situation had become intolerable. "We were slow to realise the clash."

The company merged with British Match in 1973. Last year, pre-tax profits advanced 33 per cent to £19m, but the group has forecast a decline in the first half of the present financial year to March 31.

Mr. Randolph is no stranger to controversy. As chairman of the Institute of Directors, a position which he relinquishes next week, he clashed over policy with Mr. Jan Hildreth, the director-general who left the organisation last December.

Continued from Page 1

Dollar falls sharply

sought to maintain previous margins.

Sterling was on the sidelines yesterday though the rate was very volatile in the backwash of the dollar's movements. Initially the pound fell to $2.1330 though the rate quickly recovered—with the help of unfounded rumours of a rise in Miimum Lending Rate. Sterling's highest level was $2.1695 before the rate closed 1½ cents up at $2.1610.

The pound was, however, weak against some of the Continental currencies—falling from DM 3.87¾ to DM 3.78 before closing at DM 3.82¼. The trade-weighted index slipped from 68.2 to 68.1.

Mr. Anthony Solomon, Treasury Under Secretary for Monetary Affairs, said in Washington that the dollar was expected to remain basically stable in the months ahead in spite of the recent volatility of the markets.

He expected a narrowing of the inflation differential between the U.S. and West Germany, and that this "will limit the volatility in exchange rate movements over the next few months."

Jonathan Carr adds from Bonn: West German monetary authorities have re-affirmed their determination to intervene to smooth erratic exchange rate fluctuation, saying there has been no change in policy in spite of the latest plunge of the dollar.

The dollar's latest weakness is attributed to the high inflation rate in the U.S., which event a record prime rate level cannot wholly counteract, the rising gold price which is both cause and effect of the dollar's fall—and an apparent trend towards greater investment of the surpluses of the oil-producing countries in non-dollar assets.

The currency's weakness and the IMF agenda will be main discussion topics at a meeting in Hamburg next Saturday between Chancellor Helmut Schmidt, Mr. William Miller, and Mr. Paul Volcker, the chairman of the Fed. It was stressed in Bonn, however, that this meeting was arranged weeks

Weather

UK TODAY

SUNNY intervals, showers, rather cold.

London, S.E., Central, S. England, East Anglia, Midlands
Mainly dry, bright, sunny periods. Max. 16C (61F).

E., N.W., Central N., N.E. England, Lakes, Isle of Man, N. Wales, Borders, Edinburgh and Dundee
Scattered showers, bright intervals. Max. 14C (57F).

S.W. England, S. Wales, Channel Is.
Cloudy, scattered showers. Max 15C (59F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney and Shetland
Squally showers, sunny periods. Max. 12C (54F).

Rest of Scotland, N. Ireland
Sunny intervals, scattered showers, becoming cloudy. Max. 12C (54F).

Outlook: Changeable, windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	25	77	Locarno	C	18	64
Algiers	F	21	70	London	S	16	61
Amsdm.	C	15	59	Luxmbg.	R	14	57
Athens	S	30	86	Madrid	S	22	72
Bahrain	S	35	95	Majorca	F	25	77
Barclna.	F	24	75	Malaga	S	28	82
Beirut	S	28	82	Malta	S	27	81
Belfast	F	11	52	M'chstr	C	13	55
Belgrd.	S	27	81	Melbne.	C	12	54
Berlin	F	23	73	Mex. C.	C	20	68
Biarritz	F	21	70	Milan	F	23	73
Bmghm.	S	14	57	Mntreal.	C	10	50
Blackpl.	R	13	55	Moscow	F	11	52
Bordx.	C	20	68	Munich	S	24	75
Boulgn.	F	15	59	Nairobi	R	23	73
Bristol	C	15	59	Naples	S	26	79
Brussels	R	14	57	Nwcstl.	S	13	55
B. Aires	C	16	60	N. York	S	14	57
Cairo	S	30	86	Nice	R	20	68
Cardiff	F	14	57	Nicosia	S	29	84
Cas'b'ca	F	23	73	Oporto	C	20	68
Cape T.	C	17	62	Oslo	F	12	54
Chicago	S	20	68	Paris	C	20	68
Cologne	R	19	66	Perth	C	18	64
Cpnhgn.	F	15	59	Prague	S	24	75
Corfu	S	29	84	Reykjvk.	S	4	39
Dublin	S	14	57	Rhodes	S	25	77
Dbrvnk.	S	22	72	Rio J'o	R	20	68
Ednbgh.	C	11	52	Rome	S	27	81
Faro	S	26	79	Salzbrg.	S	24	75
Florence	F	26	79	Singapr.	S	30	86
Frankft.	R	17	63	Stckhm.	F	13	55
Geneva	R	18	64	Strasbg.	C	22	72
Gibrltr.	S	26	79	Sydney	S	17	63
Glasgow	F	12	54	Tangier	F	24	75
G'rnsey	S	15	59	Tel Aviv	S	28	82
Helsinki	S	15	59	Tenerife	S	28	82
H. Kong	C	28	82	Tokyo	C	26	79
Innsbrk.	S	23	73	Toronto	S	14	57
Invrnss.	R	11	52	Tunis	F	28	82
I.o.Man	C	13	55	Valencia	S	26	79
Istanbul	S	25	77	Venice	S	23	73
Jersey	S	15	59	Vienna	S	25	77
Jo'burg	C	18	64	Warsaw	S	23	73
L. Plms.	S	25	77	Zurich	F	21	70
Lisbon	F	24	75				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Cost of engineers' claim 'up by 50%'

By Alan Pike, Labour Correspondent

THE ENGINEERING Employers Federation yesterday raised its estimate of the cost of meeting the claim which has led to the national engineering dispute. It said the claim would increase direct labour costs by about 50 per cent.

The federation admitted that was "substantially more" than its previous estimates. The calculation was made when its commercial and economic committee met to assess the economic consequences of the dispute. It takes account of such factors as the pressure which the new national rates being sought by the unions would have on increasing incentive payments at plant level.

The federation said that exports worth some £120m per week were being lost or delayed as a result of the industrial action. There were indications that member companies' capital expenditure was being extensively cut.

Lloyd's plan for syndicates

BY JOHN MOORE

LLOYD'S OF LONDON has formed a special company to provide emergency management service for underwriting agencies whose syndicates run into difficulties.

The first beneficiary of the new service as Ashby and Company, a Lloyd's managing agent which in August called a halt to trading by five of the underwriting syndicates under its management.

The Lloyd's company—Additional Underwriting Agencies—has been formed by Lloyd's ruling committee in the last fortnight. Its creation has been prompted by the problems which have surrounded the troubled Sassee syndicate, which is facing £20.2m of losses.

Lloyd's usual informal arrangements for dealing with troubled management agency companies, which look after syndicates at Lloyd's, have been severely tested by recent events in the Sasse syndicate.

When the Sasse syndicate ran into trouble, Merrett Dixey Syndicates was asked by Lloyd's to take over the management of the members' affairs from Sasse Turnbull. But Merrett Dixey has recently resigned after litigation started between members of the syndicate and the Lloyd's committee.

The move by Lloyd's marks the establishment of a more formal structure and it may be that the Sasse Turnbull managing company together with the Sasse syndicates will be taken over by the new company.

The directors of Additional Underwriting Agencies are Mr. Eric Bruce, of Cunliffe-Fraser, Bruce and Company, an underwriting agency; Mr. Peter Daniels of Lambert Brothers (Underwriting Agencies) Mr. James Bazell of Matthews Wrightson Pulbrook and Mr. Ted Merrett, a senior staff member of the corporation of Lloyd's, who is on secondment to the company.

The £15,000 capital for the new company will be provided by Lloyd's community funds and expenses met by the agencies which it acts for.

Ashby and Company called a halt to trading on five of its syndicates in August when it realised that one syndicate, number 751, may have breached its premium limits. Premium limits at Lloyd's are strictly related to the amount of capital that backs each underwriting syndicate.

Lloyd's investigations into the Ashby affair have centred on the business relationship of the syndicate with Furness Houlder (Insurance), the Lloyd's insurance broker; Commodore Reinsurance (Management); Commodore General Insurance Company of Hong Kong; and Harlock and Galli, an Australian subsidiary of Alexander Howden Group, the insurance concern with large Lloyd's interests.

Meetings were held throughout yesterday at Lloyd's between legal representatives of over 30 members of the Sasse syndicate and Lloyd's of London in an attempt to resolve their legal dispute out of court.

There were suggestions last night that Lloyd's may provide further bridging finance for the syndicate to help members through the annual audit, while the dispute is dealt with through internal arbitration before a High Court judge.

THE LEX COLUMN

Strikes put the brake on GKN

GKN has done surprisingly well in the half year to June, with pre-tax profits up from £42m to £53.5m. But the engineering strike is now hurting badly, and an unchanged gross dividend payment is an indication of the group's concern.

Automotive components have played a big part in the rise so far, and account for half the pre-interest profits total. For all he problems of the UK motor industry, GKN has apparently done better in all its component operations. But the main impetus has come from Uni-Cardan in Germany, which has pushed profits in Continental Europe up by a third despite the rise in sterling. Sales of constant velocity joints are going especially well as a result of the worldwide swing to front-wheel drive. GKN has a very strong position in this market, although the first signs of competition are emerging from Honda in Japan.

Elsewhere, the group has managed to get a little more out of its new steel making facilities in Cardiff, and profits on distribution have jumped sharply. Acquisitions have helped here, and the steel stockholding business has done a bit better.

Finally, the results of reorganisation are still showing through on the general engineering side. Closure costs on the bolt and nut business could amount to £10m after tax, and will be included in an extraordinary debit which is estimated at £23m for the year. But this will not have a bearing on the dividend decision, which will be related solely to the trading background.

The outcome for the year as a whole is now an open question, and current city estimates of £90m or a bit more (against £87.3m) are not worth much. However, it seems possible that the original hope of only a very modest increase in borrowings for the year will not now be fulfilled. After six months, debt is about £20m higher.

Index fell 2.2 to 458.1

It is all very frustrating for GKN, which believes that its interim figures give the first indication of what its change of direction in recent years might achieve. The yield is 10 per cent at 262p.

Currencies

The Bundesbank may strongly deny a change in, or even the existence f, a target rate for the D-Mark against the dollar, but the psychological impact of yesterday's fall in the U.S. currency was exactly as if a target rate had been abandoned. In closing at DM 1.769 the dollar dropped for the first time since last year's dollar crisis through the level of DM 1.80 which many people had come to regard as a floor. Once the breach had occurred it was beyond any intervention to repair the damage.

The upward pressure on the D-Mark has been building up since the end of May and the latest Bundesbank report shows that DM 7bn flowed into the currency during June and July. But recently, with scepticism about the dollar still great despite mounting U.S. interest rates, and with rumours of impending re-adjustments within the European Monetary System, the pounding has become still harder. Last week German reserves grew by about DM 4bn as investors converged from all sides.

At the Bundesbank that old siege mentality is once more in evidence. The central bank has called for talks with the commercial banks to pin down all the ways in which foreign money, and particularly, central bank money, can flow into the D-Mark. The most obvious candidate for suppression would seem to be issues of Schuldscheine (promissory notes) to foreign investors. They do not count as securities and are thus available to foreigners free of the normally deterrent tax of 25 per cent of the coupon.

Delta Metal

If all had gone well, 1979 would have presented Delta Metal with a good opportunity to translate the benefits of its capital spending programme into profits. But there has been one labour problem after another: two internal strikes of a month or so each, the haulage strike, and now the industry-wide engineering dispute.

So in the first half, when it could have made £17m given a following wind, Delta has come up with only £14.1m, against £12.9m in the first six months of 1978. Some of the group's factories are still working more or less normally, but a tenth of the UK manual workforce is laid off and the strike is clearly biting. The second half outcome will depend on how long the strike goes on; unless it ends tomorrow, it seems unlikely that Delta will do much better than £30m, against £28.5m, for the year.

According to the company, UK demand for its products was already beginning to decline, if only slightly, before the strike began. Like its customers, Delta is trying to trim stocks, but the higher copper price is forcing it into raising borrowings.

Next year, with a bit of luck, strike damage may be less severe, but the trading background could make it hard to push profits ahead. Yesterday the shares fell 3p to 66p, reflecting the dull prospects for earnings. The historic yield at this price is 12.4 per cent, and the final dividend is very likely to be raised, but engineering shares seem to have become the lepers of the stock market.

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